



Daily Report

China

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General

UN Ambassador on Maintaining Sanctions Against Libya

OW1112045493 Beijing XINHUA in English 0345
GMT 11 Dec 93

[Text] United Nations, December 10 (XINHUA)—The U.N. Security Council today maintained its aviation, arms and diplomatic sanctions imposed on Libya in April 1992.

Delivering a statement on behalf of the council members after their consultation, Li Zhaoxing, Chinese permanent representative to the U.N., said there was no agreement that the necessary conditions existed for modification of the measures of the sanctions.

On March 31 last year, the Security Council, by adopting Resolution 748, decided to impose sanctions against Libya because it had failed to hand over two suspects in the bombing of Pan Am Flight 103 and cooperate with a French inquiry into the 1989 bombing of UTA Flight 772.

Because Libya had refused to comply with the resolution, the Security Council tightened the sanctions, on November 11 this year, by freezing the country's assets abroad and barring its import of equipment used at oil transport terminals and refineries.

Delegate Addresses UN Industrial Conference

OW1312080493 Beijing XINHUA Domestic Service in Chinese 1631 GMT 7 Dec 93

[By reporter Shi Jianguo (2457 1696 0948)]

[Text] Yaounde, 7 Dec (XINHUA)—At today's general debate of the Fifth Conference of the UN Industrial Development Organization [UNIDO], held in Yaounde, Gu Yongjiang, head of the Chinese delegation and vice minister of foreign trade and economic cooperation, urged developed countries to do their best to eliminate protectionism, to relax restrictions on technology transfer, and to reduce developing countries' debts, in order to create favorable external conditions for developing countries' economic development.

Gu Yongjiang pointed out: "The end of the Cold War has not brought us peace and prosperity as people had expected. On the contrary, the many contradictions hidden under the bipolar setup have surfaced one after another. In the last three years, economic development in the vast majority of the world's regions has been slow; some countries have experienced their longest economic recessions since WWII. As a result, trade protectionism has begun to gain ground in many countries. Although the 7-year-long Uruguay Round of GATT talks is approaching its end, many difficulties remain, making world economic and trade relations unstable. In the area of development, aid funds have continued to decrease; for their own interests, some countries have adopted a

negative attitude toward north-south cooperation, restricted technology transfer, and attached conditions to their aid, landing developing countries in an even more difficult situation."

Gu Yongjiang said: "Of course, the economic development of developing countries should primarily rely on developing countries themselves. However, in today's world in which all countries' economies are closely linked to one another, global and regional cooperation based on equality and mutual benefits can play a positive role in the growth of the economies of developing countries." He pointed out that helping developing countries to free themselves from poverty and backwardness as soon as possible is a precondition for maintaining lasting prosperity and development of the world. He said this will not only benefit developing countries, but will also contribute to developed countries' economic revival and development.

Speaking on the UNIDO's structural reform and future work, Gu Yongjiang said he agreed with the organization's five major objectives: namely, stepping up efforts to develop human resources, accelerating the development of industrial technology, increasing competition, increasing industrial investment, and strengthening international technological cooperation. He said he hoped that "in the process of realizing these objectives, we should fully consider the various stages of growth of developing countries and the diversity of their economic models. Approaches to achieving these goals should depend on the conditions of a country or region. Moreover, we should integrate the efforts of UNIDO and aid-receiving countries to bring about the best efficiencies."

Gu Yongjiang thanked UNIDO for its contributions over the past decade and more to improving the efficiency, to training personnel, and to improving the management of Chinese enterprises. He said that, especially in the past few years, UNIDO had achieved good results in supporting the Chinese Government's efforts for promoting investment.

Gu Yongjiang hoped UNIDO would continue to broaden the scope of activities in this area and would fully make use of its extensive global investment promotion network to establish links between Chinese enterprises and enterprises of other countries, and to provide counselling services regarding investment strategy in order to enable UNIDO's activities in China to yield greater results.

The Fifth Conference of UNIDO opened on 6 December in Yaounde, capital of Cameroon. Nearly 2,000 delegates from more than 150 member countries of the organization attended the conference.

UNIDO was established in 1967. The organization's purpose is to "facilitate and accelerate the industrialization processes of developing countries." The organization, with headquarters in Vienna, currently has 165 member countries.

Trade Council Head, EC Official on Economic Ties*OW1112142493 Beijing XINHUA Domestic Service in Chinese 0929 GMT 9 Dec 93*

[By reporter Kang Xinwen (1660 2450 2429)]

[Text] Brussels, 8 Dec (XINHUA)—Dalge Lafayette [da er ji la fei], member of the committee for medium and small enterprises of the European Communities [EC], said today that the EC attaches importance to developing economic and trade relations with China.

He made the above remarks when meeting with Xu Dayou, vice chairman of the China Council for the Promotion of International Trade.

Dalge Lafayette said: The EC is looking for "new ways and methods" of cooperation with China and support cooperation and exchanges between medium and small enterprises of the two sides in order to promote the continuous development of economic and trade relations between the EC and China.

During the meeting, Xu Dayou introduced China's deepening of reform and expressed his gratitude to the EC for supporting the "China-Europe Business and Trade Cooperation Symposium."

The "China-Europe Business and Trade Cooperation Symposium" sponsored jointly by the China Council for the Promotion of International Trade, the EC and the Belgian China-Europe Management Research Center was held in the Belgian port city Antwerp from 6 to 8 December. The Chinese economic and trade delegation led by Xu Dayou, officials of the EC and its member countries, scholars and entrepreneurs, totalling 120 people, attended the symposium.

'Roundup' Views Upcoming Uruguay Round Conclusion*OW1112053893 Beijing XINHUA in English 0329 GMT 11 Dec 93*

["Roundup" by Yuan Bingzhong: "Uruguay Round Enters Decisive Stage"]

[Text] Geneva, December 11 (XINHUA)—Farmers, TV crews, officials and businessmen are converging in Geneva, the headquarters of the world trade body GATT, to witness the scheduled December 15 conclusion of the Uruguay Round.

As representatives from 115 countries and regions (Yugoslavia excluded) are working day and night to meet the deadline, peasants from Asia and Europe are protesting against the conclusion while others are lobbying for it.

Major trading powers are still bargaining in an attempt to gain more from the round, which was initiated in Uruguay in 1986.

The Uruguay Round is the eighth under the General Agreement on Tariffs and Trade (GATT). Comparing with previous ones, this round is unprecedentedly complicated.

It involves 15 sectors and almost all the industrial and agricultural goods. Trade in services, intellectual property rights and institutional issues are all new. All areas are inter-linked.

The participants varied, including the developed, the developing and the least-developed. Each group has its own concerns and interests.

There are differences between the developed and the developing nations. But there are more disputes between the developed, which already have more and yet want to gain even more.

Fighting and quarreling in this round are more tense than ever. As economic race has replaced arms race with the end of Cold War, a nation's strength depends increasingly on its economic power. Some even believe that the third world war could be an economic one.

The GATT, built in 1947, is a multilateral trade negotiating body which upholds trade liberalization and fair competition. Its previous seven rounds reduced average tariffs on industrial goods from 40 percent in 1940s to only five percent at present. World merchandise trade increased by 12 folds from 57 billion U.S. dollars in 1947 to 3,500 billion U.S. dollars in 1991.

GATT officials estimated that a successful conclusion of the Uruguay Round will bring a 12-percent or 745-billion-dollar jump in merchandise trade in the year of 2005. Total exports of the developing countries will increase by at least 50 billion U.S. dollars.

At the same time, trade in services will grow by 12 percent from the present 1,000 billion U.S. dollars.

In addition, the multilateral trade organization, or an "economic United Nations", to be born from this round, will play a significant role in the world trade.

But if this round fails, it will mean a "disaster" to the world. As trade protectionism spreads, trade disputes could develop into trade wars. If so, there will be no winner in the war, be it a developed or developing nation.

The U.N. European Economic Commission fears that trade wars could spread into other areas such as politics. This could lead to a unstable world.

To avoid such a disaster, the leaders of the major trading powers have removed one major obstacle to the talks, the U.S.-EC farm dispute.

However, that does not mean everything is OK. Problems remain in the areas of anti-dumping, financial services and market access.

The U.S. proposed a 11-point amendment to the anti-dumping text in the draft final act of the round which was proposed in 1991 by former GATT Chief Arthur Dunkel. But the U.S. amendment is strongly rejected by the developing nations.

The U.S. is also adamant on issues of maritime transport and financial services.

On textile and clothing, the developing countries hope the U.S. and other developed nations will phase out the multi-fibre arrangement (MFA) in less than 10 years while the U.S. wants the phase-out to occur after 15 years.

Furthermore, France and other EC nations insist that the audio-visual sector should be excluded from the package in order to protect their film industries.

Senior trade representatives from the U.S., the EC, Japan and Canada are expected to meet on Sunday [12 December] in a last-ditch effort to resolve their disputes.

Analysts believe that a conclusion of the round is inevitable. But they fear that some sectors may be excluded from the final package agreement and remain to be solved in future negotiations after December 15.

Clinton Talks With European Leaders on Trade Noted

*OW1312005893 Beijing XINHUA in English 0035
GMT 13 Dec 93*

[Text] Washington, December 12 (XINHUA)—President Clinton called the leaders of France, Britain and Germany by phone today in his last-minute efforts to conclude the global trade talks by the Wednesday [15 December] deadline.

A senior administration official was quoted by REUTER as saying that the President telephoned French Prime Minister Edouard Balladur, British Prime Minister John Major and German Chancellor Helmut Kohl.

Clinton talked with each of them for fifteen minutes on the Uruguay Round of the global trade talks sponsored by the General Agreement on Tariffs and Trade (GATT), the official was quoted as saying.

Only two days away from the deadline, U.S. and European Community trade officials still appeared deadlocked over such key issues as reducing government subsidies to aircraft and entertainment industries.

In the talks, Washington demanded limiting the amount of subsidies to Airbus industries, the second largest manufacturer of civilian aircraft owned by four European countries.

The aircraft maker is a strong competitor for America's Boeing Co. and McDonnell Douglas Corp., whose share on the world airplane markets have been on decline.

The U.S., meanwhile, has been asking European countries to lower barriers to American films and television shows, a lucrative export industry for the U.S.

Washington said that Europe is using box-office royalties to subsidize film and music industry.

According to the informed sources, the U.S. has also insisted on preserving its freedom to unilaterally impose punitive tariffs on countries engaged in unfair trade practices.

The Clinton administration officials said earlier that the GATT package should not weaken national legislation to clamp down on unfair trade practices.

On liberalizing the lucrative financial services arena, which are covered by GATT for the first time, the U.S. did not want to open up its banking and securities market on an equal basis to countries that fail to offer similar concessions.

Opposition to the U.S. stance on the above issues is almost universal, sources said.

U.S. Representative Leaves for Final GATT Talks

*OW1012223593 Beijing XINHUA in English 2151
GMT 10 Dec 93*

[Text] Washington, December 10 (XINHUA)—U.S. Trade Representative Mickey Kantor left for Brussels this afternoon for last-minute talks with his European counterparts to conclude the Uruguay Round of the General Agreement on Tariffs and Trade (GATT).

Kantor will meet with European Community Economic and Trade Minister Leon Brittan Saturday [11 December] morning and his counterparts from the EC, Japan and Canada Saturday evening.

At a press conference at the White House prior to his departure, Kantor stressed that the trade in aerospace industry and audiovisual sector would be on top of his final negotiations with the EC.

"There are some difficult negotiations to complete," Kantor said. But "I think the odds have certainly shifted in favor of a successful completion, but we're not there."

The U.S. and the EC, in negotiations last week in Brussels, have reached compromise on the exports of government-subsidized farm products, long a stumbling block for the GATT talks.

The two sides, however, were in impasse at talks concerning the trade in entertainment industry, which the EC, especially France, wanted exemption from quota elimination in order to protect its own culture.

However, Kantor said, that there was indication from the Europeans that "they are ready to sit down in a serious discussion" in order to finish this agreement off.

The U.S. aircraft industry generate a 34 billion U.S. dollars in exports every year and employs about 750,000 people in this country. "We have to have an agreement that is going to keep that industry competitive," the trade representative said.

The U.S. audiovisual sector, meanwhile, has foreign sales of 17 billion dollars a year, with five billion dollars in trade surplus and, together with the book publishing industry, has 700,000 employees.

Kantor refused to disclose what compromise the Clinton administration was considering in aircraft and entertainment industry, although there must be some, observers said.

He also stressed to reporters that the Clinton administration would not sign a GATT agreement "that doesn't preserve our anti-dumping laws." "We must preserve our trade laws," he said.

The U.S., Kantor said, also wanted to make sure that the GATT agreement did not harmonize down environmental standards around the world due to trade.

'Backgrounder' Views U.S. Trade Accomplishments

*OW1112003393 Beijing XINHUA in English 2237
GMT 10 Dec 93*

["Backgrounder": "What Has U.S. Achieved in Trade This Year?"]

[Text] Washington, December 10 (XINHUA)—Following is a brief review of what the Clinton administration has achieved in bilateral and global trade so far this year.

In the past 11 months, according to U.S. officials, the Clinton administration has:

- implemented immediate programs to enforce Special 301 Section of the Trade Law in order to protect the intellectual property rights of U.S. companies abroad;
- gained access to the heavy electrical equipment market in Europe, a market the U.S. said was of 15 billion to 20 billion U.S. dollars value a year;
- set up a major trade framework with Tokyo, entered Japan's government procurement market, expanded penetration in Japan's semiconductor market;
- reached a major market access agreement with other members of the Group of Seven nations, regarded as a major contribution to global trade talks;
- concluded dozens of bilateral investment and trade treaties as well as market access agreements in textiles and apparel with foreign countries;
- made Congress ratify the three-nation North American Free Trade Agreement (NAFTA), which was

signed into law by President Clinton this week. NAFTA takes effect on January 1, 1994;

- established a trade and investment framework with members of the Asia-Pacific Economic Cooperation (APEC) forum in Seattle last month, a move to expand trade with Asia;
- got Congress extend fast track authority in the negotiations of the global trade talks sponsored by the General Agreement on Tariffs and Trade (GATT);
- reached a major compromise with the European Community in farm export subsidies, an important part of the GATT talks, although difficult negotiations are still ahead.
- proposed to host a trade-oriented summit of Western Hemisphere next year, moving towards a hemispheric community with the Caribbean and Latin America.

U.S. Reaffirms Commitment to Cambodian Development

*OW1312092693 Beijing XINHUA in English 0832
GMT 13 Dec 93*

[Text] Phnom Penh, December 13 (XINHUA)—The United States will do all it can to help Cambodia in building its "peace, prosperity and democracy," a visiting U.S. envoy said here today.

Winston Lord, the U.S. assistant secretary of state for East Asian and Pacific Affairs said at the end of his two-day visit that he had come to assess the situation in Cambodia and reaffirm the U.S. commitment to the development of Cambodia.

During his stay, Lord held talks with two prime ministers—Prince Norodom Ranariddh and Hun Sen—and Foreign Minister Norodom Sirivut. He also visited the mine action center which is responsible for defusing the land mines across the country.

They discussed extensively how the United States can help Cambodia, both diplomatically and materially, he said.

They also discussed how to further develop the overall relations between the two countries, including economic, commercial and cultural exchanges.

In answering questions concerning the Khmer Rouge at a short press briefing, Lord said it is up to the Cambodian leaders and people to decide how to deal with Khmer Rouge. He added that the future of Cambodia should be decided by the Cambodians themselves.

He left here this noon for Vietnam, where he will assess the continuing cooperation in investigating American POWs (prisoners of war) and MIAs (people missing in action).

U.S.-DPRK Talks on Nuclear Issue Reported

*OW1012215093 Beijing XINHUA in English 2138
GMT 10 Dec 93*

[Text] Washington, December 10 (XINHUA)—U.S. officials met with representatives of the Democratic People's Republic of Korea (DPRK) in New York today to continue discussion on the DPRK nuclear inspections issue, the White House said here.

"We went back to them to discuss the proposal that they had given to us after we had had a chance to consult with our allies and with others in the region," press secretary Dee Dee Myers told reporters at a regular news briefing.

The DPRK presented U.S. officials in New York on December 3 a proposal that offered to allow international inspectors wider access to its nuclear sites.

Myers said that "we talked about it some more with them based on what we have heard over the last week or so, and we'll see where it goes from here."

The press secretary refused to give the specific details of the discussion, only saying that "we discussed outstanding issues and the dialogue is ongoing."

Asked whether there was any change in the U.S. position, Myers said that "absolutely not."

She said, "we have insisted on a couple of things ... we want full IAEA (the International Atomic Energy Agency) inspections of their nuclear sites and a resumption of the dialogue with South Korea" toward a nuclear-free peninsula.

"We haven't reached any final conclusion yet," Myers added, "we haven't had a chance to fully review the results of that discussion. But the process is ongoing."

Earlier today, U.S. President Bill Clinton said he has "some hope" that the United States and the DPRK will come to a mutually acceptable agreements.

Kozyrev: E. Europe 'Not Ready' for NATO Status

*OW1112053993 Beijing XINHUA in English 0246
GMT 11 Dec 93*

[Text] Moscow, December 10 (XINHUA)—Russian Foreign Minister Andrey Vladimirovich Kozyrev said today Eastern European countries could be partners of the North Atlantic Treaty Organization (NATO) but they are not ready to become NATO members.

He told a press conference that the current eastward expansion of the NATO alliance does not mean an enlargement of its membership but only a "partnership for peace" relationship between NATO and the Central and Eastern European nations.

This issue was also the main point discussed by Russian President Boris Yeltsin and NATO Secretary-General Manfred Woerner during an hour-long talk in Brussels Thursday [9 December], Kozyrev said.

NATO will not reorganize without considering Russian interests, he added. He did not rule out the possibility of Russia's participation in NATO.

NATO introduced the "partnership for peace" initiative after Russia objected to proposals offering NATO membership to Poland, Hungary, the Czech Republic and other former members of the Russian-led Warsaw Pact.

Under the initiative, expected to be adopted at the Jan. 10-11 NATO summit, NATO hopes to sign bilateral accords with Central and Eastern European nations, without alienating Moscow.

"I assured him (Yeltsin) that we want to build the new Europe, not against, not without, but with Russia," Woerner told the visiting Russian president.

Earlier, President Vaclav Havel of the Czech Republic said that his country will not give up its request, along with Poland, Hungary and the Slovakia Republic, for NATO membership.

French Foreign Minister A. Juppe and his German counterpart K. Kinkel then suggested that Poland join NATO at an appropriate time, and said they would spare no effort to support Poland's eventual entry into the Western European Union.

Jiang Zemin Appoints, Removes Ambassadors

*OW1112060293 Beijing XINHUA Domestic Service in
Chinese 1038 GMT 1 Dec 93*

[Text] Beijing, 1 Dec (XINHUA)—In accordance with the National People's Congress Standing Committee's decision, PRC President Jiang Zemin appointed and removed the following ambassadors to foreign countries:

1. Removed Zhou Xianjue from his post as PRC extraordinary and plenipotentiary ambassador to the Republic of Togo;

Appointed Sun Kunshan [1327 2492 1427] as PRC extraordinary and plenipotentiary ambassador to the Republic of Togo.

2. Removed Li Peiyi from his post as PRC extraordinary and plenipotentiary ambassador to the Republic of Zaire;

Appointed Zhou Xianjue as PRC extraordinary and plenipotentiary ambassador to the Republic of Zaire.

3. Removed Han Lili (female) from her post as PRC extraordinary and plenipotentiary ambassador to Ireland;

Appointed Fan Huijuan (female) as PRC extraordinary and plenipotentiary ambassador to Ireland.

4. Removed Hua Junduo from his post as PRC extraordinary and plenipotentiary ambassador to the Republic of Fiji;

Appointed Hou Qingru [0186 3237 0320] as PRC extraordinary and plenipotentiary ambassador to the Republic of Fiji.

5. Removed Shi Chunlai from his post as PRC extraordinary and plenipotentiary ambassador to the Commonwealth of Australia;

Appointed Hua Junduo as PRC extraordinary and plenipotentiary ambassador to the Commonwealth of Australia.

United States & Canada

Beijing Returns Remains of 3 U.S. Servicemen

Army Group Completes Work in Tibet

OW1112071593 Lhasa Tibet People's Radio Network in Mandarin 1425 GMT 10 Dec 93

[From the "News" program]

[Text] A U.S. work group led by Colonel William Jordan, director of the U.S. Army's Central Identification Laboratory, left Lhasa for Beijing on the morning of 9 December after successfully completing its work in Tibet.

During its stay in Lhasa, the group examined the wreckage of a U.S. plane and remains of three bodies found in Bomi County's (Yigong) township. On the afternoon of 8 December, Chen Bing, deputy director of the Tibet Regional Foreign Affairs Office, met with all members of the U.S. group. Chen Bing praised the group for its fruitful work in Tibet and extended his cordial regards and sincere respects to the family members of U.S. servicemen who fought shoulder to shoulder with Chinese people and who heroically gave their lives in resisting Japanese fascists.

Deputy Director Chen Bing said: Chinese people very much treasure the friendship between Chinese and American peoples. The just act of China and the United States of jointly fighting Japanese fascists is deeply engraved in the hearts of Chinese and American people. Servicemen and people in Tibet had overcome all kinds of difficulties to locate the wreckage of the U.S. plane and the remains, to preserve the site, and to keep everything untouched—all these convincingly prove what I just said. After you return to your country, please convey the deep affections of the Tibet Regional Government and of the people in Tibet to your government and people.

On behalf of the U.S. Government, military, and the American people, Colonel William Jordan expressed his thanks to the Chinese Government and people. He said he would tell the U.S. Government and American people that the arduous mission of his group was accomplished by the Chinese Government and the servicemen and people in Tibet.

Foreign Ministry Official Cited

OW1112094493 Beijing XINHUA in English 0841 GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—China today turned over the remains of three U.S. pilots who died when their military transport plane crashed into a Tibetan glacier 50 years ago.

Ma Zhengang, director of the Foreign Ministry's Department of Affairs of the Americas and Oceania, said in a speech "it is reassuring" that through the joint efforts of the two countries, remains of the three crew members can be repatriated and rest in peace in their homeland.

China attaches great significance to the finding of the wreckage of an American airplane and remains of three crew members, Ma noted.

U.S. Ambassador to China Stapleton Roy expressed thanks to the Chinese Government for the cooperation and assistance it has extended.

In mid-September, wreckage of a transport plane and remains of three crew members were found in a glacier, 4,100 meters above sea level, in Lyingchi Prefecture, the Tibet Autonomous Region.

According to the technical appraisal conducted by Chinese and American experts, the wreckage and the remains were proved to be a U.S. transport plane and its crew members. The plane crashed around April 1943.

The remains of the three pilots and some of the objects they left behind were sent back to the United States today on a U.S. Air Force plane.

Further on Ceremony, Comments

OW1112110693 Beijing XINHUA in English 1039 GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—In green G.I.-style caps and dark military coats, four U.S. soldiers today carried three flag-draped coffins onto a gray U.S. Air force plane.

At 9:45 this morning, China ceremonially handed the remains of three American aircrew members, who died in a crash 50 years ago on a Tibetan glacier, to American representatives at the capital airport in Beijing.

The U.S. servicemen at the below-zero hand-over ceremony saluted the coffins of the dead airmen.

During World War Two, China and the United States were allies in fighting against Japanese fascist aggression. All routes linking China and the outside world being cut off by the Japanese aggressors at the time, China and the United States in 1942 opened an air-lift over the Himalayas mountain range to transport strategic supplies.

The air route was known as the "hump airlift", for it passed over dangerous and steep mountain chains.

During the two-and-half-year operations over the "hump", hundreds of airplanes crashed and more than 1,000 crew members died.

The glacier, located at the eastern part of the Tibet Autonomous Region of China, was an untraversed area covered with ice and snow all year round. The ice and snow did not melt completely until this year, when it did, due to the gradual warmer global temperature.

In mid-September, some locals went hunting near the top of the 4,100-meter glacier. By chance, they found the wreckage of a plane and remains of three persons.

Relevant departments searched the wreck area and analyzed the things found. The research showed that the wreckage was of a U.S. airplane which crashed in about April, 1943. The crashed plane was reckoned to have some connection with the "hump airlift".

In November, Chinese Vice-Foreign Minister Liu Huaqiu informed the U.S. side about the discovery while holding political consultations in Washington with U.S. Under Secretary of State Peter Tarnoff. Liu also presented pictures and video tapes taken on the spot.

A month later, on December 5, a three-member team led by Commander William Jordan, director of the Central Identification Laboratory of the U.S. Army, arrived in Beijing.

Accompanied by Chinese officials, the team flew to Lhasa on December 7 and started research work with the assistance of local government departments.

The team examined the 50-year-old wreckage and the remains of the three airmen. The plane was identified as a military transport plane of the U.S. and the remains as those of American servicemen.

After the two-day examination, Commander Jordan and his party left Lhasa for Beijing with some technical material from the crashed plane. The remains of the three crew members were also on the plane.

When leaving Lhasa, Jordan said that the Chinese side had made effective efforts in helping the repatriation of the remains, and the U.S. Government and its people would never forget the kindness and friendship of the Chinese people.

At the repatriation ceremony, Ma Zhengang, director of the Department of Affairs of the Americas and Oceania of the Foreign Ministry, said that the sacrifice of the pilots, including those from the United States, who participated in the "hump airlift", for the just cause of the Chinese people will live forever in the heart of the Chinese people.

Stapleton Roy, U.S. Ambassador to China, expressed thanks to the Chinese Government for the cooperation and assistance it extended to the U.S. recovery team.

He said the cooperative effort of the two countries symbolized that "we continue to cherish the memories of those who gave their lives so that we today can live in a better, safer world."

After the 15-minute ceremony, the U.S. airplane carried home the remains of the three pilots.

U.S. Military To Cut Back, Redeploy Reserves

OW1112134593 Beijing XINHUA in English 1318
GMT 11 Dec 93

[Text] Washington, December 10 (XINHUA)—The United States is to reduce its Army National Guard and reserve forces by a total of 100,000 people over the next six years while making better strategic use of the smaller formations.

The plan, announced today by the Pentagon, follows a two and a half years long coordinated review of the Army, the National Guard and the Army Reserve Forces which will see the 1.5 million strong army cut back to just over a million by 1999.

It involves a restructuring and a realignment of duties for the National Guard and Army Reserve and according to U.S. Defense Secretary Les Aspin will contribute to the Pentagon's plan to place increased reliance on them for national and international deployment.

He said the three part plan would help control U.S. peacetime military costs and includes:

- Reducing the Army Guard and reserve by a combined total of about 100,000. The National Guard strength is currently at 422,700 and the reserve at 279,600.
- Realigning the duties of the National Guard to include combat and state missions, both in a wartime situation and in peacetime domestic emergencies. They are also expected to absorb some of the surplus units from the Army Reserve, such as artillery, aviation, mechanized infantry, armor and special forces units.
- Realigning the Army Reserve for combat service support missions while restructuring some medical, signal, transportation units and military police to focus on providing combat service support during wartime.

"The plan represents only one aspect of the total effort we are making to reshape our forces to meet the challenges of the future," Aspin told a special Pentagon press briefing.

"It is also part of the process to change the U.S. Army from one looking at global war to one looking at regional wars," added Army Chief of Staff Gordon Sullivan.

However, the plan is expected to face opposition from the U.S. Congress, which blocked other efforts by the previous administration to reduce the reserve forces.

Aspin: Some U.S. Troops To Leave Somalia by Christmas*OW1212162193 Beijing XINHUA in English 1556
GMT 12 Dec 93*

[Text] Washington, December 12 (XINHUA)—U.S. Secretary of Defense Les Aspin said today Washington will withdraw some 2,500 of its 8,200 soldiers from Somalia by December 25.

Aspin told NBC-TV's "Meet the Press" program that the soldiers will be out of Somalia by Christmas.

The defense chief repeated the pledge that the United States would pull out all its troops by March 31, the date set by President Bill Clinton.

Central Eurasia**Chen Junsheng Meets Russian Visitors***OW1312091993 Beijing XINHUA in English 0852
GMT 13 Dec 93*

[Text] Beijing, December 13 (XINHUA)—Chinese State Councillor Chen Junsheng met here this afternoon with A. Bedritskiy, director general of the Hydro-Meteorological and Environment Monitoring Administration of Russia, and his party.

The Russian guests are here on a visit at the invitation of the Chinese Meteorological Administration.

Directors of the two administrations held talks on technological cooperation and they signed the minutes of their talks today.

Russian Elections, Constitution Referendum Reported**'Roundup' on 'Marathon' Campaign***OW1112054093 Beijing XINHUA in English 0324
GMT 11 Dec 93*

["Roundup": "Russia's Marathon Election Campaign in Homestretch"]

[Text] Moscow, December 10 (XINHUA)—The marathon parliamentary election campaign in Russia is entering the homestretch, all arguments for and against the draft constitution will end midnight Saturday [11 December], and all pre-election battles cease midnight Sunday.

Russians will vote on Sunday for candidates to both houses of the new parliament and for a new constitution.

"Now that one day is left before the popular vote, the fate of the parliament and the constitution no longer depends on politicians. It is fully in the hands of the voters," the ITAR-TASS news agency said today.

During the election, voters will get four ballots, two for the state Duma (the lower house), one for the constitution and one for the Federal Council (the upper house).

The Federation Council will have 176 deputies, two from each of Russia's 88 republics and regions. The Chechen Republic has refused to take part in the election.

The state Duma will include 450 members, of which 225 will be elected by party and 225 by geographical constituencies.

A total of 13 electoral blocs and parties were registered by the Central Electoral Commission for participation in the elections.

Among the electoral blocs, the pro-Yeltsin "Russia's Choice", led by First Deputy Prime Minister Yegor Gaydar, is widely regarded as the most powerful and is expected to score a considerable number of votes.

The Civic Union and the Russian Democratic Party (the Travkin Party) are centrist opposition groups, favoring "an evolutionary way for the development of the country".

The Russian Communist Party led by Gennadiy Zyuganov is the largest and most influential of Communist Parties. It favors state control of industries, subsidies and social programs.

The Nationalist Agrarian Party and Vladimir Zhirinovskiy's Liberal Democratic Party are reported to be "nostalgic for the Soviet era with its planned economy and the collective and state farm system."

The other electoral blocs—the Women of Russia, the Party of Dignity and Charity, KEDR (The Constructive Ecologist Movement) and future of Russia—are "based not on party principles but on gender, age or social groupings," reports said.

Politicians predict that the new parliament will be a coalition since the 13 electoral coalitions include "representatives of 91 political parties," reports said.

In a television address to the nation, President Boris Yeltsin said he would hold "constructive dialogue" with all political forces in the new parliament if "the reforms and the country's interests are given priority."

Russia's main television station announced Friday it would give live broadcast to Sunday's elections and referendum on the first post-Soviet constitution.

Some 1,030 foreign observers, most of whom are from the West, are in Moscow to monitor the first multi-party voting since the 1917 revolution.

Chernomyrdin Urges 'Yes' Vote

OW1112053693 Beijing XINHUA in English 0514
GMT 11 Dec 93

[Text] Moscow, December 10 (XINHUA)—Russian Prime Minister Viktor Chernomyrdin, speaking on nationwide broadcasting tonight, asked voters to say "yes" for the new constitution in Sunday's [12 December] election.

The prime minister said that the drafted constitution "has taken into account of Russia's characteristics and traditions", and "conforms with the interests of the majority people."

He stressed that only by passing the constitution can the country's reforms be accelerated.

After the December 12 elections, Russia should have a new constitution and a new parliament. Supporters of the constitution should constitute the majority in the new parliament, he added.

Some media reports said that many voters are unwilling to go to the polls. President Boris Yeltsin had urged Russians to vote for the country's first post-Soviet constitution on December 9.

Beginning of Voting Noted

OW1212080393 Beijing XINHUA in English 0746
GMT 12 Dec 93

[Text] Moscow, December 12 (XINHUA)—Russians went to the polls today to elect a new national parliament and vote on a draft constitution.

Some 107 million people were eligible to vote across the Russian Federation and they are casting ballots in the first multi-party voting since the 1917 October Revolution.

In the parliamentary elections, the electorate are voting for candidates to both houses of the new legislature. President Boris Yeltsin ordered the old parliament to be dissolved earlier this year.

And in the constitutional referendum on the same day, they are voting on the first post-Soviet Constitution for the Russian Federation.

Yeltsin was among the first to vote in Moscow after the polls opened at 8 A.M. (local time) in the capital, according to the ITAR-TASS NEWS AGENCY.

During the polls, voters have four ballots, two for the State Duma or the lower house, one for the Constitution and one for the Federal Council—the upper house.

The Federation Council will have 176 deputies, two from each of Russia's 88 republics and regions. The Chechen Republic has refused to take part in the election.

The State Duma of the new parliament—the Federal Assembly—will include 450 members, half of whom are to be elected by parties and the other half by competition in geographical constituencies.

A total of 13 electoral blocs and parties were registered by the Central Electoral Commission for participation in the elections.

Among the electoral blocs, the pro-Yeltsin "Russia's Choice", led by First Deputy Prime Minister Yegor Gaydar, is widely regarded as the most powerful and is expected to score a considerable number of votes, according to local reports.

The Civic Union and the Russian Democratic Party (the Travkin Party) are centrist opposition groups, favoring "an evolutionary way for the development of the country".

The Russian Communist Party led by Gennadiy Zyuganov is the largest and most influential of communist parties. It favors state control of industries, subsidies and social programs.

The Nationalist Agrarian Party and Vladimir Zhirinovskiy's Liberal Democratic Party are reported to be "nostalgic for the Soviet era with its planned economy and the collective and state farm system."

The other electoral blocs—the Women of Russia, the Party of Dignity and Charity, KEDR (the Constructive Ecologist Movement) and Future of Russia—are "based not on party principles but on gender, age or social groupings," the reports said.

In a television address to the nation prior to the voting, President Yeltsin said he would hold "constructive dialogue" with all political forces in the new parliament if "the reforms and the country's interests are given priority".

Yeltsin 'Confident' on Turnout

OW1212141793 Beijing XINHUA in English 1117
GMT 12 Dec 93

[Text] Moscow, December 12 (XINHUA)—Russian President Boris Yeltsin, who was among the first to vote in Moscow in the country's key elections today, said he was confident that there would be a higher voter turnout in the polls.

Yeltsin, who arrived in falling snow at polling station number 56 in downtown Moscow at 8.40 A.M. (local time), said he believed there would be a voter turnout of 60 to 65 percent, the ITAR-TASS NEWS AGENCY reported.

That would be well in excess of the 50 percent of the electorate required to make the referendum on the new draft constitution valid. Pollsters and some analysts expect only about 55 percent or half of the country's 107 million voters to cast ballots.

Yeltsin said he was sure the draft constitution would get the yes vote.

Russians are voting for a new national parliament and on the draft constitution in the first multi-party voting since the 1917 October Revolution.

"I am an optimist by nature and I am sure that a better parliament, more intellectual and politically literate, will be elected," he was quoted as saying.

The polls opened at 8.00 A.M. (local time) in Moscow, the capital of the vast Russian Federation. But voting first began in the country's most remote eastern region of Chukotka, some 9,000 kilometers and nine time zones east of Moscow.

In some areas of the Far East and Siberia, where voters were casting their ballots in temperatures of minus 40 or even below 50 degrees Celsius, there was a relatively high voter turnout. But voter apathy was obvious in some other areas.

In the parliamentary elections, the electorate are choosing candidates to both houses of the new legislature—the bicameral Federal Assembly.

President Yeltsin ordered the old parliament to be dissolved in September and opponents of Yeltsin, who were holed up in the parliament building, were crushed by government troops in the bloody October event.

In the constitutional referendum, the electorate are voting on the first post-Soviet constitution for the Russian Federation.

The new parliament's the Federation Council, or the upper house, will have 176 deputies, two from each of Russia's 88 republics and regions. The Chechen Republic has refused to take part in the election.

While the lower house—the State Duma—will include 450 members, half of whom are to be elected by parties and the other half by competition in geographical constituencies.

A total of 13 electoral blocs and parties were registered by the Central Electoral Commission for participation in the elections.

Among the electoral blocs, the pro-Yeltsin "Russia's Choice", led by First Deputy Prime Minister Yegor Gaidar, is widely regarded as the most powerful and is expected to score a considerable number of votes, according to local reports.

The Civic Union and the Russian Democratic Party (the Travkin Party) are centrist opposition groups, favoring "an evolutionary way for the development of the country".

The Russian Communist Party led by Gennadiy Zyuganov is the largest and most influential of communist parties. It favors state control of industries, subsidies and social programs.

The nationalist Agrarian Party and Vladimir Zhirinovskiy's Liberal Democratic Party are reported to be "nostalgic for the Soviet era with its planned economy and the collective and state farm system."

The other electoral blocs—the Women of Russia, the Party of Dignity and Charity, KEDR (the Constructive Ecologist Movement) and Future of Russia—are "based not on party principles but on gender, age or social groupings," the reports said.

Constitution Support Seen in Far East

OW1212165193 Beijing XINHUA in English 1626
GMT 12 Dec 93

[Text] Moscow, December 12 (XINHUA)—Over 60 percent of voters in the Russian Far East, Siberia and the Urals region today voiced their support to the draft new constitution, the ITAR-TASS NEWS AGENCY reported.

The news agency quoted sources of the presidential administration as saying that over 50 percent of the electorate of the regions took part in the Russian parliamentary elections and the nationwide referendum on the constitution by 15:00 (GMT 12:00) today.

According to the source, the votes have been cast by over half of the registered electorate in the Amur, Kurgan and Chita regions, the Koryak and Nenets Autonomous Regions, the Aginskiy Buryat Region, the city of Yuzhno-Sakhalinsk and the Republic of Altay, as well as the Novosibirsk Region and the Evenk and Chukot Autonomous Regions.

ITAR-TASS called the vote results "preliminary."

Today, for the first time since 1917, the whole Russia elects a new parliament on the basis of both the "plurality system" and "party tickets."

People in Petropavlovsk-Kamchatskiy, Far East, were the first in Russia to go to the polls to elect members of the parliament and decide on the draft new constitution.

President Boris Yeltsin was one of the first to go to polling station on Miussakaya Square in downtown Moscow today. He inserted his ballot paper into a ballot box at 08:40 Moscow time (GMT 5:40).

Prime Minister Viktor Chernomyrdin told reporters at his local polling station in Novye Cheremushki here today that he was confident that most of people in Russia would go to the polls and support the new constitution.

Moscow Results Reported

OW1212174893 Beijing XINHUA in English 1722
GMT 12 Dec 93

[Text] Moscow, December 12 (XINHUA)—Nearly 1.88 million Moscovites, or 27.3 percent of the registered electorate, have cast their votes in the Russian parliamentary elections and the referendum on the draft

constitution by 14:00 Moscow time (GMT 11:00) today, the ITAR-TASS NEWS AGENCY reported.

According to election rules, the referendum will be considered legal if no less than 50 percent of the registered voters cast ballots. The deadline for casting votes was set at 22:00 local time.

In 10 local regions, over 50 percent of the registered electorate took part in the elections to the parliament and the referendum by 16:00 Moscow time.

Most of regions are in the Far East, Siberia and the Urals.

Yeltsin Spokesman: Referendum Passes

OW1212222793 Beijing XINHUA in English 2204
GMT 12 Dec 93

[Text] Moscow, December 12 (XINHUA)—President Boris Yeltsin's spokesman announced that a draft new Russian constitution has been passed in today's referendum.

"Dear Russians, the constitution has been adopted," Vyacheslav Kostikov said on Ostankino Television's live coverage of the results of today's voting.

The draft constitution needs the approval of a majority of voters on a 50 percent turnout.

Earlier, a senior aide to President Yeltsin said that the parliamentary elections and the referendum on the draft new constitution had drawn the required number of votes and reached positive results.

In an interview with the Russian television program Voskresenye (Sunday), Sergey Filatov said that the constitution would be passed in accordance with preliminary estimates.

More than 50 percent of the registered electorate have taken part in Sunday's polls, Filatov said.

Some 107 million people were eligible to vote across the Russian Federation.

In the parliamentary elections, the electorate voted for candidates to both houses of the new legislature. Yeltsin dissolved the old parliament earlier this year.

During the polls, voters had four ballots, two for the state дума, or the lower house, one for the constitution and one for the federal council—the upper house.

The Federation Council will have 176 deputies, two from each of Russia's 88 republics and regions. The Chechen Republic has refused to take part in the election.

The state дума of the new parliament—the federal assembly—will include 450 members, half of whom are to be elected by parties and the other half by competition in geographical constituencies.

A total of 13 electoral blocs and parties were registered by the central electoral commission for participation in the elections.

Shumeyko on Constitutional Referendum

OW1312004693 Beijing XINHUA in English 2345
GMT 12 Dec 93

[Text] Moscow, December 12 (XINHUA)—Russia's First Deputy Prime Minister Vladimir Shumeyko said that the country's new constitution won about 60 percent of the votes in today's referendum.

"As head of the government commission on the constitutional referendum, I can state that about 60 percent of Russians (who voted) voted for the constitution," Shumeyko said on Ostankino Television's live coverage of the results.

"According to the constitution, presidential elections are to be held in 1996 and the government is to lay down its mandate to the newly-elected president (then)," he said. "Now we have the conditions for stable work."

But he did not give any figure concerning the turnout.

President Boris Yeltsin's spokesman also announced that the constitution has been passed in today's referendum.

"Dear Russians, the constitution has been adopted," Vyacheslav Kostikov said on Ostankino Television's live coverage of the results of today's voting.

However, the validity has not been confirmed by the central electoral commission which has claimed a monopoly right to issue results.

President Yeltsin needs a turnout of 50 percent to make the vote on the constitution valid.

More on Election, Referendum in Russia; Reaction

Views on Constitution, Elections Mixed

OW1312035993 Beijing XINHUA in English 0341
GMT 13 Dec 93

[Text] Moscow, December 13 (XINHUA)—Some Russian leaders have expressed satisfaction over the passing of the new constitution in the referendum, but have voiced concern over the initial result of the parliamentary election.

First Deputy Prime Minister Vladimir Shumeyko said this morning in Kremlin that the passing of the constitution "is the most important event today (December 12)." The presidential press office spokesman also said the new constitution "will be the guiding principle for building the country."

According to preliminary results of the election for the lower house of parliament, or state Duma, the choice of Russia bloc led by Yegor Gaydar is leading in the

number of votes obtained, followed by the Liberal Democratic Party of Vladimir Zhirinovskiy and the Russian Communist Party.

Gaydar said in a comment that the outcome of the election is the result of the socio-economic development period Russia is experiencing. He also said that the election result shows "the split of the Russian democratic forces."

He also said that he will not cooperate with Zhirinovskiy, whom he has dubbed as a "Fascist."

Deputy Prime Minister Anatoliy B. Chubays also expressed regret over the failure of "liberal forces" to join hands before the election.

A Russian presidential press office spokesman also urged the press not to "dramatize" the gains of the Liberal Democratic Party. He said the party "is only good at propaganda."

The Russian Liberal Democratic Party, formed in 1989, has won the support of a lot of voters for its nationalist ideas.

Yeltsin Aide: Results Unexpected

*OW1312050393 Beijing XINHUA in English 0449
GMT 13 Dec 93*

[Text] Moscow, December 13 (XINHUA)—A senior aide to President Boris Yeltsin said today that the preliminary results of the parliamentary elections on Sunday [12 December] were very much out of Russian Government's expectation.

Sergey Filatov, director of the presidential office, said in an interview with the ITAR-TASS news agency that the unexpected gain by the Liberal Democratic Party (LDP) in the balloting would "complicate the parliament's work."

He said that "when we went for voting, we expected that the choice of Russia, Yavlinskiy-Boldyrev-Lyukin bloc, Russian movement for democratic reforms and the communists would succeed."

The actual results, however, have showed a complete different alignment of forces with more votes garnered by the LDP and the Communist Party, he said.

Filatov said this was because the democrats had adopted wrong strategies and failed to coordinate actions in the very beginning of the campaign.

But observers here believed that this was only one of the reasons.

A total of 13 parties were allowed to race in the elections for a new parliament. Preliminary results released early this morning showed that the "Choice of Russia" bloc took lead in Sunday's voting, followed by the LDP led by Vladimir Zhirinovskiy and the Communist Party.

Besides, the Yavlinskiy-Boldyrev-Lyukin bloc and the Movement of Russian Women and the Russian Democratic Party also got sufficient votes of support to enter the new parliament.

Yeltsin 'Determined' To Serve Out Term

*OW1312050293 Beijing XINHUA in English 0454
GMT 13 Dec 93*

[Text] Moscow, December 13 (XINHUA)—President Boris Yeltsin's press secretary Vyacheslav Kostikov said today that the president is determined to serve out his term.

But Kostikov did not rule out the possibility to have the issue discussed by a new parliament.

He made the remarks in the Kremlin when whether to hold presidential elections has become the central issue after the Sunday [12 December] elections for a new parliament.

President Yeltsin decreed on September 23 that the presidential elections will be held on June 12 next year.

But he later backtracked from the position by saying that he will serve as president until his term expires in 1996.

Postelection Government Shuffle Planned

*OW1312050693 Beijing XINHUA in English 0459
GMT 13 Dec 93*

[Text] Moscow, December 13 (XINHUA)—Russia's First Deputy Prime Minister Vladimir Shumeyko announced today that the present government will be reshuffled after the parliamentary election.

But he told ITAR-TASS that there would be no major changes in both the cabinet and the reform policy.

The "Choice of Russia" bloc said that it will choose Yegor Gaydar as prime minister if it wins the election, while other parties prefer Viktor Chernomyrdin to remain as the head of the government.

Preliminary election results show the "Choice of Russia" has not won the votes it expected despite its lead in the election.

Southeast Asia & Pacific

Lao President Receives CPC's Ding Guangen

*OW1212161593 Beijing XINHUA Domestic Service in
Chinese 1357 GMT 10 Dec 93*

[Text] Beijing, 10 Dec (XINHUA)—According to a dispatch from Vientiane, Nouthak Phoumsavan, member of the Lao People's Revolutionary Party [LPRP] Central Committee Political Bureau and president of Laos, had a meeting in Vientiane today with visiting members of the

CPC delegation headed by Ding Guangen, member of the CPC Central Committee Political Bureau and Secretariat.

During the meeting, Nouhak said he was pleased with the complete success which LPRP Chairman and Lao Prime Minister Khamtai Siphandon achieved when visiting China not long ago. He said he was satisfied with the development of friendship and cooperation between the LPRP and the CPC, between Laos and China, and between the Lao and Chinese peoples.

Nouhak praised the Chinese people for the significant successes they have achieved under the CPC's leadership in carrying out reform, opening up to the outside world, and expediting economic development; as well as in building socialism with Chinese characteristics under the CPC's leadership. He said Lao party and people are pleased with the successes.

Nouhak also requested Ding Guangen to convey his best regards to President Jiang Zemin and Premier Li Peng.

Ding Guangen said that his delegation's visit to Laos has promoted CPC-LPRP understanding and strengthened the traditional Sino-Lao friendship.

Ding Guangen said: Since the normalization of Sino-Lao relations in October 1989, the two countries have intensified their friendly contacts and cooperation which have developed in all areas. The recent visit to China by LPRP Chairman and Prime Minister Khamtai Siphandon has made new contributions to the development of Sino-Lao good neighborliness. The CPC and LPRP, and China and Laos have many things in common, and the development of the two countries' friendship and cooperation accords with the wishes of the two peoples and is in their fundamental interest.

Ding Guangen expressed the belief that stronger exchange and cooperation between the two parties is conducive to promoting the two countries' economic development and good neighborliness, friendship, and cooperation for mutual benefit between the two peoples.

Ding Guangen also relayed best regards from President Jiang Zemin and Premier Li Peng to Nouhak Phoumsavan.

Khamphoui Keoboulapha, member of the LPRP Central Committee Political Bureau and deputy prime minister of Laos, also had a meeting with the CPC delegation headed by Ding Guangen at the Prime Minister's Office today. The two sides had cordial conversations on issues of common concern.

The CPC delegation arrived in Vientiane on 7 December after visiting Vietnam. On 8 December, Ding Guangen and his party had talks with Thongsing Thammavong, member of the LPRP Central Committee Political Bureau, in a cordial and sincere atmosphere. The two sides briefed each other on the situations of their countries and parties, and exchanged views on developing

Sino-Lao friendly relations. The CPC delegation also toured Vientiane city and Vientiane Province.

The CPC delegation is scheduled to return home from Laos on 11 December.

Activities of PLA's Yu Yongbo Reported

Meets Lao Prime Minister

OW1212155393 Beijing XINHUA Domestic Service in Chinese 0611 GMT 2 Dec 93

[Text] Beijing, 2 Dec (XINHUA)—Khamtai Siphandon, chairman of the Lao People's Revolutionary Party and prime minister of the Lao Government, met with Yu Yongbo, director of the Chinese People's Liberation Army [PLA] General Political Department, and his party at the Government Building on the afternoon of 29 November. Yu Yongbo and his party were on a goodwill visit to Laos.

In the meeting, Khamtai expressed satisfaction with the development of friendly relations between the two countries and armies in recent years. He said: The Chinese people are the Lao people's close friends. The two countries also have traditional friendship. I hope friendship between the two countries and armies will develop further.

Yu Yongbo and his party arrived in Laos on 27 November on a goodwill visit.

They visited the military academies, combat troops, and local economic construction projects. They received a warm and friendly welcome from the Lao people and the People's Army.

Talks With SRV Counterpart

OW1312131793 Beijing XINHUA Domestic Service in Chinese 1405 GMT 4 Dec 93

[By reporter Zhang Jiaxiang (1728 0502 4382)]

[Text] Hanoi, 4 Dec (XINHUA)—General Yu Yongbo, director of the General Political Department of the Chinese People's Liberation Army, held talks here this morning with General Le Kha Phieu, director of the General Political Department of the Vietnam People's Army. The two sides agreed to strengthen exchanges of the two armies' political work.

During the talks, the two sides informed each other of the situation of reform and opening up and progress in army building in the new period in their respective countries.

General Le Kha Phieu said: The Vietnamese people and army are pleased with the great achievements the Chinese people, under the leadership of the CPC, have scored over the years in reform and opening up. China has accelerated its economic development, improved the people's living standards, and adhered to the orientation

of building socialism with Chinese characteristics. These achievements have solidified the important role China is playing in the Asian-Pacific region and the world and have had a good impact on Vietnam.

He said: Director Yu Yongbo's visit marks a new beginning in the relationship between the two political departments in the wake of normalization of relations between the two parties, two countries, and two armies. The visit would help strengthen the friendship and understandings between their countries and armies.

General Yu Yongbo said: China and Vietnam are both developing socialist countries dedicated to developing their respective economies and they all need a peaceful and stable international environment. Furthering the friendly and cooperative relationship between the two countries and their armies conforms to the common wishes and fundamental interests of the two peoples and it would help bring peace, stability, and development to the region.

He said: China and Vietnam are linked by common mountains and rivers and they have a long history of friendly exchanges. In their respective struggles for national independence and liberation, the two countries and two armies showed sympathy and offered support for each other, establishing a profound friendship. He said that China is ready to work together with Vietnam to promote such relationship.

The two sides reached agreement on further stepping up exchanges and learning from each other in the fields of army papers, libraries, army art and literary magazines, and army art troupes.

At the invitation of General Le Kha Phieu, Yu Yongbo and his entourage arrived in Hanoi by plane for an official goodwill visit late 3 December.

This morning, General Yu Yongbo laid a wreath at the mausoleum of Chairman Ho Chi Minh, paid his respects to the chairman's remains, and visited his former residence. In the afternoon, he and his entourage visited the Vietnamese Military Museum.

SRV Deputy Premier Meets Educational Delegation

OW1212083593 Beijing XINHUA Domestic Service in Chinese 1556 GMT 9 Dec 93

[By reporter Zhang Jiaxiang (1727 0502 4382)]

[Text] Hanoi, 9 Dec (XINHUA)— Vietnam's Deputy Prime Minister Nguyen Khanh met here today with Chinese educational delegation headed by Zhang Tianbao, vice minister of the State Educational Commission.

During the meeting, Nguyen Khanh said Vietnam and China share many common points in the area of education. Exchanges and cooperation in the sphere of education have been resumed and developed since the normalization of relations between the two countries. But he

said that is far from enough. He hoped there will be more visits of delegations to exchange experiences.

Zhang Tianbao briefed Nguyen Khanh on China's educational development and reform.

The Chinese educational delegation arrived in Hanoi on 6 December at the invitation of Vietnam's Ministry of Education and Training.

For the past several days, the Chinese educational delegation held talks with the Vietnamese educational delegation headed by (Phan Minh He), first deputy minister of the Education and Training Ministry. They agreed on the contents of the Sino-Vietnamese educational exchanges and cooperation for 1994-96 and signed the minutes of the talks.

The Chinese educational delegation also visited Hanoi Foreign Languages College, Hanoi Foreign Language Teacher Training College, and donated Chinese books to their Chinese Language Departments.

On 9 December, the Chinese educational delegation departed Hanoi for Ho Chi Minh City. It will conclude its visit to Vietnam on 12 December.

Wu Xueqian, CPPCC Group Leave for Thailand

OW1112105893 Beijing XINHUA in English 0844 GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—An 11-member delegation of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), led by its vice-chairman Wu Xueqian, left here today for a week-long friendly visit to Thailand.

Wu and his party are visiting Thailand as guests of the speaker of the Thai Senate, Michai Ruchuphan.

Thai Premier Receives Huang Hua

OW1212142693 Beijing Central People's Radio Network in Mandarin 1700 GMT 7 Dec 93

[From the "International News" program]

[Text] Thai Prime Minister Chuan Likphai received visiting Huang Hua, chairman of the China Association for International Friendly Contacts, at the Prime Minister's Office on the evening of 6 December. The prime minister and Huang Hua had a cordial and friendly conversation.

Prime Minister Chuan Likphai said he is very pleased that China is one of the countries in the world which registered the fastest economic growth. He also said that when he led a delegation to China three months ago, he signed a number of agreements with the Chinese side, which are beneficial to both sides. Chairman Huang Hua's visit, he said, will contribute to further development of friendly relations between the two countries.

Huang Hua said he accompanied Chinese leader Deng Xiaoping to Thailand 12 years ago. He said he was very pleased to see the rapid development of the Thai economy.

Shanghai Investment Seminar Opens in Kuala Lumpur

OW1212140993 Beijing XINHUA in English 1209
GMT 12 Dec 93

[Text] Kuala Lumpur, December 12 (XINHUA)—Malaysia is confident that its economic links with China will further grow in line with their own needs and the development of the region.

Speaking at a "Presentation of Shanghai's Investment Environment" here today, Malaysian Minister of Science, Technology and Environment Hieng Ding Law said that located in the fastest-growing East Asia, both Malaysia and China are eye-catching because of their own rapid growth.

Officiating at the function, Law said the two-way trade between Malaysia and China has been rising steadily with 1992 quadrupling the 1985 figure of 1.02 billion ringgit (about 398 million U.S. Dollars) to 4.44 billion ringgit (1.734 billion dollars), making China the ninth trade partner of Malaysia.

About 37 Malaysian companies are investing in China's infrastructure, manufacturing and services sectors with a capital of 717 million ringgit (280 million dollars), he added.

During Prime Minister Mahathir Mohamad's visit to China in June, 36 joint venture projects were initialed with investments totalling 8.2 billion ringgit (3.2 billion dollars), Law said.

He also disclosed that the recent visit to China by International Trade and Industry Minister Rafidah Aziz has resulted in the signing of a memorandum of understanding involving investments of 10 billion ringgit (3.9 billion dollars).

He said Malaysia and Shanghai should encourage each other in their bid to make Malaysia a developed nation by the year 2020 and Shanghai a financial and trade center in Asia.

Shanghai's Vice Mayor Sha Lin briefed to some 200 Malaysian businessmen on the progress of the major port and industrial city of China and its incentives for foreign investors.

Advantages Seen in S&T Cooperation With Singapore

OW1012152893 Beijing XINHUA in English 1453
GMT 10 Dec 93

[Text] Singapore, December 10 (XINHUA)—Both China and Singapore have seen advantages in science and technology cooperation for the economic prosperity.

These remarks were made today by Zhu Lilan, executive vice chairman of China's State Science and Technology Commission, at the end of a five-day visit to Singapore.

Zhu and her Chinese delegation visited Singapore at the invitation of the National Science and Technology Board (NSTB).

The visit is under an agreement signed in March last year between the two countries.

She said that the close cooperation between the two countries can result in commercial spin-offs. In line with this is a proposal to set up joint research and development centers for projects of economic importance to both countries.

The centers will be funded by both governments. Alternatively they can be funded by China and a Singapore company, she added.

Two Singapore companies, Aztech Systems and Chartered Semiconductor Manufacturing have expressed their interest in the centers.

Cooperation With Philippines in S&T To Grow

OW1112044993 Beijing XINHUA in English 0432
GMT 11 Dec 93

[Text] Manila, December 11 (XINHUA)—The Philippines and China will accelerate their cooperation in science and technology, particularly in the field of medicine production.

Secretary Ricardo Gloria of the Department of Science and Technology (DOST) said this was agreed by both sides at the discussion of the 10th Philippine-China Science and Technology Protocol last month in Beijing.

Gloria said that the Philippines had recommended projects related to the application of fermentation technology on large-scale production of antibiotics and traditional medicine, production of biodegradable plastic, and the acquisition of technologies on waste management.

He said the DOST would also consider the successful experience of China in transforming university-based researches to commercialize their products.

On-the-job training of scientists and administrators of the Philippine University Science Park with Beijing experimental zone for high technology industries is also in the pipeline, Gloria said.

Buddhist Group Meets Burmese Minister in Rangoon 10 Dec

OW1012135493 Beijing XINHUA in English 1327
GMT 10 Dec 93

[Text] Yangon [Rangoon], December 10 (XINHUA)—Myanmar [Burmese] Minister for Religious Affairs Myo Nyunt today met visiting Chinese Buddhist delegation.

The minister said that such a visit in religious field will strengthen the friendship between the two countries.

The four-member Chinese Buddhist delegation led by Dao Shuren, vice president of the Buddhist Association of China, arrived here on December 1 for a two-week visit to Myanmar.

During its stay, the delegation visited some famous pagodas in Bagan, Taunggyi, Sagaing and Mandalay while paying respects to some famous Myanmar masters.

The delegation will pay a visit to Bangkok after its visit to Myanmar.

Liu Huaqiu Meets Papua New Guinea Official

OW1312063793 Beijing XINHUA in English 0611 GMT 13 Dec 93

[Text] Canberra, December 13 (XINHUA)—Bill Skate, acting governor-general of Papua New Guinea (PNG), said today that PNG and China would further develop friendly ties of cooperation in all fields for the sake of long-term interests of the two peoples.

Skate made the remarks in a meeting with Chinese Vice Foreign Minister Liu Huaqiu, who was in Port Moresby, capital of PNG, for the second consultation meeting between the officials of the two foreign ministries.

Skate said that his country was looking forward to learning from China's experience in developing small-sized enterprises.

He reiterated that PNG would firmly pursue a "one-China" policy, saying that PNG recognizes the government of the People's Republic of China as the sole legitimate government of China and Taiwan as one of the provinces of China.

Liu Huaqiu said that PNG's "look north" policy, as well as Australia's "into Asia" policy and New Zealand's strategy of "Asia 2000", have indicated that Pacific nations have attached great importance to developing friendly relations with Asian nations including China.

All this has created more favorable conditions for China to develop an overall cooperation of mutual benefit with PNG and other Pacific nations.

This morning, Liu Huaqiu and secretary of the PNG Foreign Ministry Gabriel Dusava had an in-depth exchange of views on bilateral relations and issues of common interest.

PNG Foreign Minister John Kaputin, who also met Liu this morning, expressed his delight on the outcome of the political consultation between the officials of the two nations.

He also voiced his satisfaction over the smooth development of relations between the two countries.

Latin America & Caribbean

Guyana's President Cheddi Jagan Pays State Visit

Beijing Arrival Reported

OW1212062093 Beijing XINHUA in English 0608 GMT 12 Dec 93

[Text] Beijing, December 12 (XINHUA)—President of the Cooperative Republic of Guyana, Cheddi Jagan, arrived here this morning on a six-day state visit to China as guest of his Chinese counterpart Jiang Zemin.

This is his first visit to China.

Among those greeting him at the airport were Chinese Vice Foreign Minister Tian Zengpei, and Zhang Chunyuan, chairman of the Chinese Government Reception Committee and vice minister of water resources.

Met, Feted by Jiang Zemin

OW1312112193 Beijing XINHUA Domestic Service in Chinese 0751 GMT 13 Dec 93

[By reporter Zhang Yijun (1728 4135 0193)]

[Text] Beijing, 13 Dec (XINHUA)—During his talks with Guyanese President Cheddi Jagan at the Great Hall of the People this morning, State President Jiang Zemin said: The international situation has undergone tremendous changes in recent years. Peace and development, which represent the aspirations of the world's people, face grim challenges. Jagan is visiting China at the latter's invitation.

At the invitation of President Jiang Zemin, President Jagan arrived in Beijing on Sunday [12 December] for a six-day state visit to China. This is his first visit to China.

Jiang Zemin expressed his belief that the president's current visit would deepen mutual understanding between the two countries, enhance friendship between the two peoples, and inject new life into the existing, good bilateral cooperative relations.

He said: Although China and Guyana are separated by vast oceans, contacts and friendship between their peoples date back to ancient times. Both countries are developing nations, and both are engaged in national construction and economic development. The two sides have always enjoyed satisfactory cooperation in international affairs. "Our friendly cooperation has a solid political foundation and broad development prospects."

Jiang Zemin said: The Chinese Government appreciates the Guyanese Government's adherence to the policy of "one China and not developing official relations with Taiwan."

Jagan said: Guyana opened friendly contacts with New China in the early years of the latter's founding, and it

has consistently pursued a policy of "one China." "We will spare no efforts to constantly strengthen friendly cooperative relations developed between the two countries over the years. We look forward to further developing bilateral relations."

As regards the international situation, Jiang Zemin said: The international scene has undergone tremendous changes in recent years, with the world heading toward multipolarity. Various destabilizing factors, however, are on the rise. Hegemonism and power politics continue to exist, and naked interference in other countries' internal affairs is a common occurrence. World economic rivalry is escalating, resulting in the ever-increasing status of economic factors in international affairs. The formation of economic regions and blocs is becoming increasingly evident. Peace and development, which represent the aspirations of the world's people, continue to face grim challenges.

Jiang Zemin said: Nonetheless, if all countries devote themselves to the goal of peace and development in the few remaining years of this century, "we can build an entirely new world in the 21st century."

He said: The South-North gap is currently expanding, and the issue of South-North relations is very grim. China favors continuing South-North dialogue and improved South-North relations because these are conducive to improving the international economic environment, reinvigorating the world economy, and safeguarding world peace.

Jiang Zemin said: China believes that all countries should choose their own social systems, ideologies, economic modes, and development paths in light of their own conditions. Constructive dialogue between South and North can only be conducted if these principles are recognized, respected, and observed.

He said: Strengthening South-South cooperation is conducive to achieving collective self-reliance and common development in developing countries, as well as to promoting South-North dialogue and cooperation. China, which is a developing country, has always placed importance on South-South cooperation and is willing to work for further developing economic cooperation with Third World countries. It also supports all ideas and suggestions that can effectively advance South-South cooperation.

Jagan said: World trade is now moving toward regionalization and the formation of blocs. Northern developed countries are scaling back assistance to poor southern countries. This has brought serious problems, especially worsening debt problems, to a developing country like Guyana.

He said: Guyana thanks China for its just stance in the United Nations on reducing developing countries' debts. Reducing or forgiving debts is very important in solving

southern countries' poverty problems. China's contributions in this regard will benefit the development of all humanity.

During the talks, Jiang Zemin also briefed the guests on Deng Xiaoping's theory and practice of building socialism with Chinese characteristics. He said: China's practice of reform and opening up attests to the absolute correctness of the line of "one center and two basic points," as well as the concept of building a socialist market economy, advanced by Deng Xiaoping.

Jagan expressed a keen interest in China's practice of building socialism with Chinese characteristics. He particularly expressed his hope for better understanding China's experience in this regard. He also briefed Jiang Zemin on the political and economic situation in the Caribbean region and in Guyana.

Present at the talks were Qian Qichen, vice premier of the State Council and concurrently foreign minister; Vice Foreign Minister Tian Zengpei; Zhang Chunyuan, chairman of the Chinese Government Reception Committee and vice minister of water resources; Guyanese Foreign Minister Clement Rohee; and Guyanese Finance Minister Balate Jiagediao [name as received].

After the talks, Jiang Zemin and Jagan attended a ceremony at which the Chinese and Guyanese Governments signed an agreement on economic and technological cooperation.

Prior to the talks, Jiang Zemin held a ceremony in the East Wing of the Great Hall of the People to welcome Jagan and his entourage to China.

In the evening, Jiang Zemin hosted a banquet in honor of Jagan and his entourage at the Great Hall of the People.

Brazilian Speaker Receives Outgoing Ambassador

*OW1112062093 Beijing Central People's Radio
Network in Mandarin 1700 GMT 8 Dec 93*

[From the "International News" program]

[Text] Brazilian Congress President and Senate Speaker Lucena said on 7 December: Chinese President Jiang Zemin's recent visit to Brazil was highly successful and fully reflected China's sincerity and faith in developing friendly relations between Brazil and China.

Lucena made the above remarks while meeting with outgoing Chinese Ambassador to Brazil Shen Yunao, who came to the Brazilian Senate to bid him farewell.

Lucena said: China has made a great leap forward in the economy since reform and opening up. Its status and reputation are rising every day. He held that China has set an example for the world and Brazil in this regard.

Venezuelan President Receives Departing Envoy

OW1212040693 Beijing XINHUA Domestic Service in Chinese 0322 GMT 10 Dec 93

[By reporter Liu Ruichang (0491 3843 1603)]

[Text] Caracas, 9 Dec (XINHUA)—Venezuelan President Ramon Velasquez said here on 9 December that the Venezuelan Government was willing to further strengthen friendly and cooperative relations in the political and economic fields between Venezuela and China.

Velasquez made these remarks during a meeting at the Presidential Hall with Huang Zhiliang, outgoing Chinese ambassador to Venezuela.

The Venezuelan president ebulliently praised China's tremendous achievements brought about by its policy of reform and opening up.

Velasquez said Venezuela and China should not only strengthen cooperation in the political field, but that great potential also exists in cooperation in the economic field, especially in trade.

Political & Social

Li Peng, Qian Qichen Meet Foreign Affairs Leaders

OW1112152093 Beijing XINHUA in English 1423
GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—Chinese Premier Li Peng today met with local leaders in charge of foreign affairs and urged them to seize the chance to make fresh contributions to creating a favorable environment for China's reform and opening to the outside world in the coming year.

The local representatives had participated in a sixth meeting at provincial, municipal and city levels which was designed to get a clear understanding of the present favorable international situation, and strengthen macro-management of local diplomatic work so as to serve China's modernization efforts better.

Li said the present international situation is undergoing complicated and profound changes, and obviously developing in the direction of multi-polarization.

The premier said there also exist unstable factors in some parts of the world; the two issues of peace and development have not been solved and the world is far from tranquil.

Referring to opportunities and challenges that China is facing, Li said that, on the whole, the present international environment is favorable to China, providing it with a rare chance for development.

While perceiving favorable factors, he said, "we should remain sober-minded and not fail to see the unfavorable factors, and complicated issues and challenges.

Generally speaking, he said, "it is imperative to grasp chances and develop ourselves."

Li stressed the deepening of China's opening policy, saying that it is China's basic state policy.

He disclosed that next year more measures for reform will be taken. "We should continue our efforts to further develop and perfect a new pattern of multi-directional reform and opening to the outside world."

In addition, the premier stressed that it is imperative to fight against corruption. He said the Chinese Communist Party and the State Council have a resolute attitude toward this issue. He expressed the hope that successful results would be achieved in the shortest possible time.

While doing diplomatic work, Li said, attention should be paid to strengthening ideological and cultural work. It is also imperative to be neither humble nor arrogant, and to fully display the moral qualities of the Chinese nation.

He urged local foreign affairs offices at all levels to raise their management abilities and make greater achievements in the regional reform and opening drive, and economic construction as well.

Qian Qichen, vice-premier and minister of foreign affairs, also delivered a speech, pointing out some requirements for doing diplomatic work better.

Under the present new circumstances, he said, "we should unify our thinking, clarify our tasks, and strengthen and improve our diplomatic work so as to serve the country's reform and opening, economic construction and reunification of the motherland."

Li Lanqing Addresses Reform of Education

Briefs Higher Institution Cadres

OW1312135093 Beijing XINHUA Domestic Service in Chinese 1222 GMT 5 Dec 93

[By reporter Jiang Qianfeng (3068 6929 1496)]

[Text] Beijing, 5 Dec (XINHUA)—At the invitation of Beijing Municipality and the State Education Commission, Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier of the State Council, delivered a status report at the Capital Theater this morning for more than 1,000 leading party and government cadres from Beijing's institutions of higher learning and from various major colleges and universities across the country who are currently studying at the State Education Commission's Higher Education Administrative College.

Li Lanqing expounded issues of concern to party and government cadres and faculty members from institutions of higher learning, such as our country's economic situation, foreign economic work, and educational reform and development.

Li Lanqing said: Guided by the important talks made by Comrade Deng Xiaoping during his tour of southern China in early 1992 and the spirit of the 14th CPC National Congress, our country has opened up new prospects in reform, opening up, economic construction, and other fields of work. The situation as a whole is favorable because the national economy has continued to develop rapidly this year, after having done so last year. The CPC Central Committee and the State Council have adopted macroeconomic regulatory and control measures on a timely basis to tackle some prominent contradictions and problems stemming from rapid economic development. They have achieved positive results in this respect. Next year is important for continuing the good development trend of our economy, as well as crucial for promoting reform aimed at building a socialist market economic system. The State Council recently held a national economic work conference in which it established the economic principles of "fully implementing the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC

Central Committee, accelerating the pace of establishing a socialist market economic system and opening up to the outside world, maintaining a proper degree of macroeconomic regulation and control in a timely manner, vigorously restructuring the economy, improving operations and management, raising economic returns, and maintaining sustained, rapid, and healthy development [chi xu kuai su jian kang fa zhan 2170 4958 1816 6643 0256 1660 4099 1455] in the national economy." Next year, we will expedite the pace of building a socialist market economic system and spur development through reform. We should adopt major measures to reform financial, taxation, banking, investment, and foreign trade systems, as well as state-owned enterprises, with the aim of putting the socialist market economic system into operation.

Speaking of our country's foreign economic work, Li Lanqing said: Since last year, our country has taken new steps in opening up to the outside world and has vigorously developed foreign economic relations and trade. A pattern of opening up at all levels and in all directions has now taken initial shape in our country, and foreign trade has continued to expand with fairly good results. There has been a new surge in using foreign capital. Our country faces both opportunities and challenges next year in opening wider to the outside world and in developing foreign economic relations and trade. By and large, however, the situation at home and abroad is quite favorable. In carrying out next year's foreign economic work, we should first continue to deepen reform of the foreign economic system, further improve the system of external macroeconomic regulation and control, further deregulate trade in export and import commodities in an orderly manner, and intensify reform of foreign economic and trade enterprises. Second, we should continue the market diversification strategy with product quality as the top concern. Third, we should summarize our experiences, open wider to the outside world, and use foreign capital more actively and effectively. Fourth, we should keep to our principles while properly managing multilateral and bilateral economic relations and trade and further developing economic cooperation and trade with the Taiwan, Hong Kong, and Macao areas. Fifth, we should take further steps to restore order in foreign economic relations and trade and deal a stern blow to smuggling and other illegal and criminal activities.

Speaking of our country's educational reform and development, Li Lanqing said: Education is a major task of fundamental importance to the destinies and futures of the country and the nation. Therefore, we must firmly make education a strategic development priority. The reality for China's education is that a poor country or a large developing country with a population of approximately 1.2 billion is undertaking educational services that are the world's largest in scale. For this reason, we are faced with major tasks, such as how to tailor education to the needs of economic development under socialist market economic conditions, and how to maximize the social benefits of limited input in education to

train more professional personnel for the country in a speedy, efficient, and economical manner. Reform provides fundamental solutions to China's educational problems. We should spur development through reform. In future work, we should rationally restructure our education and make great efforts to develop vocational and adult education while improving our elementary education. Most Chinese should become professionally trained in this manner. Our present priority in higher education is not to increase the number of universities but to run existing institutions competently and to improve social benefits and teaching quality in running schools. We are now confronted with many practical educational problems, such as input in education and salaries and housing for faculty members. These problems warrant serious attention.

Li Lanqing said: We should improve moral education. Some students do not care for political courses. The problem does not lie with the political courses themselves but with the contents of courses and teaching methods. Marxism is the truth, and truth is appealing. We cannot dogmatically preach Marxist theory to college students. We should discuss theory within the context of social reality and the actual thinking of faculty and students. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is Marxism based on China's present-day reality. We should seriously study this theory. Aside from deepening our understanding of Marxism, this will further enhance our understanding of the principles and policies pursued since the Third Plenary Session of the 11th CPC Central Committee, and guide our practical work. We should also adopt interesting methods to carry out education on patriotism. Moral education must be conducted through education on national conditions, which, in turn, must be based on lively situational education. Today, I am taking the initiative in holding informal discussions with faculty members and students in institutions of higher learning, and I hope that the leaders of various provinces and municipalities will follow my lead and brief faculty members and students on the prevailing situation, answer certain questions, and exchange ideas. I think this is the most effective form of education on national conditions. Our country has a 5,000-year history of splendid civilization. We should concentrate on reviewing China's superior traditional morals and derive their essence and apply it in compiling teaching materials for use in educating students. We should promote the practice of maintaining and enriching China's traditional virtues.

Views 'Academic Degree System'

OW1212161793 Beijing XINHUA in English 1512
GMT 12 Dec 93

[Text] Beijing, December 12 (XINHUA)—Reforms in China's academic degree system should be further deepened in order to improve the quality of education and foster more leading scholars, a top official said here today.

Chinese Vice-Premier Li Lanqing made the remark when addressing a meeting of the Academic Degrees Committee under the State Council, which was held in Beijing from December 11 to 12.

Li said that the academic degree system is an important component of higher education.

He stressed the important role the system has played in turning out large numbers of leading scholars to promote economic development and social progress.

The vice-premier said that great efforts should be made to publicize the importance of higher learning and to create good working and living conditions for scholars.

He said the emphasis should be placed on raising the level of training and to foster more outstanding scientists.

Li said although there are still many obstacles to be hurdled in developing education, the main avenue of progress is that of reform.

The reform of the academic degree system must be closely linked with the reform of the economic structure, he said.

Useful and advanced experiences of developed countries in the west should be borrowed while creating a Chinese degree system, he said.

Li also pointed out that the reform of the degree system must be conducted in line with the comprehensive reform and development of the entire educational structure.

He said that leading scientists should mainly be trained domestically.

About 1,900 tutors, 270 doctoral subjects and 860 post-graduate majors were examined and approved at the meeting.

Newly-approved doctorate and master-degree awarding institutes are mainly of economics, law and politics, biology, communications, and medical sciences.

More than 150 young people under the age of 45 were approved doctorate tutors.

China has now a total of 2,670 institutions and units that can award doctorate degrees, with more than 8,000 doctoral tutors, and 9,000 institutions and units that offer master's degrees.

Li Lanqing Calls For Cracking Down on Smuggling

Urges Building a 'Great Wall'

OW1112131993 Beijing XINHUA in English 1308
GMT 11 Dec 93

[Text] Kunming, December 11 (XINHUA)—During his latest inspection tour of southwest China's Yunnan

Province, Chinese Vice-Premier Li Lanqing has called for the building of a great wall against smuggling, especially of drugs, so that the national economy can develop faster and better.

He stressed that in carrying out the policy of opening to the outside world, China must "open the front door, and at the same time close tightly the door to evil".

From December 6 to 10, Li, who also is a member of the political bureau of the Chinese Communist Party Central Committee, inspected the Lunan Yi Autonomous County, the Xishuangbanna Dai Autonomous Region and Kunming, capital of Yunnan, where he heard work reports by local officials.

Li pointed out that special efforts must be made to crack down on smuggling in the name of border trade, stressing that leaders at all levels must be responsible for this task.

Addresses 'Antismuggling' Conference

OW1212151193 Beijing XINHUA in English 1446
GMT 12 Dec 93

[Text] Beijing, December 12 (XINHUA)—Vice-Premier Li Lanqing today called for more effective measures to enhance cooperation in the nationwide anti-smuggling campaign.

At the second working conference of the national leading group on anti-smuggling drive, Li said that the struggle to wipe out the crime has achieved remarkable success due to the joint efforts of coastal provinces and frontier regions.

According to participants at the meeting, between August and October coastal areas seized 2,984 smuggling cases, with confiscated goods valued at more than 900 million yuan.

Li said that the smuggling of automobiles has been checked in the country.

He urged leaders in provinces and regions to continue to be on guard against smuggling and to take the drive for one of the major components of the anti-corruption struggle.

He urged local government departments to deal strictly with major cases through prosecution by law and by organizing the people to form an anti-smuggling front.

Li Ruihuan Returns From South Asian Tour

Inspects Sichuan

OW1212082793 Beijing XINHUA in English 0654
GMT 12 Dec 93

[Text] Chengdu, December 12 (XINHUA)—Li Ruihuan, member of the Standing Committee of the

Chinese Communist Party's Politburo, said it is necessary to handle well the relations between reform, development and stability while implementing the party's recent decision on the establishment of a market economy.

Li, also chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), made the remark yesterday in Chengdu, provincial capital of southwest China's Sichuan Province while attending a forum with local officials.

He was here for a short stay following a tour of three South Asian countries.

The decision, which adopted at the Third Plenary session of the Party's 14th Central Committee, is of great significance, and the implementation of it will take a long process and come across a lot of complicated problems and difficulties, the party official noted.

While urging local officials at various levels to be fully aware of the current existing contradictions and problems, he pointed out that maintaining of a stable social life is the prerequisite for fulfilling the tasks set in the decision.

He stressed that handling the relations between reform, development and stability must adhere to the practice of "seeking truth from facts", proceed from the actual situations in different localities and work out concrete reform and development measures.

He urged local officials to keep close contacts with and protect the interest of the broad masses, respect their pioneer work and sum up their fresh experiences.

"As long as we are always sober-minded in the process of establishing a socialist market economy, pay attention to summing-up of experiences and correct mistakes in time, we can avoid big ups and downs, and lead the people to fulfil the great task," Li added.

Returns to Beijing

OW1212064093 Beijing XINHUA in English 0632
GMT 12 Dec 93

[Text] Beijing, December 12 (XINHUA)—Chairman Li Ruihuan of the Chinese People's Political Consultative Conference (CPPCC) National Committee returned here this morning after concluding his visit to three south Asian nations and a short-time inspection in China's Sichuan Province.

Hu Jintao, standing committee member of the Political Bureau of the Communist Party of China Central Committee and CPPCC Vice Chairmen Yang Rudai, Wang Zhaoguo and Ngapoi Nagwang Jigme greeted Li at the Great Hall of the People. Also present were diplomatic envoys of the three countries here.

Li paid a 15-day official goodwill visit to Nepal, India and Pakistan, which is the first visit ever by a CPPCC chairman since the New China was founded in 1949.

During the visit, Li had extensively contacts with government and parliamentary leaders of the three countries and exchanged views with them on the situation in the region and bilateral relations, as well as issues related to the enhancement of exchanges and cooperation between the CPPCC and the parliaments and organizations of the three countries.

Activist Detained for Holding Human Rights Seminar

HK1312055593 Hong Kong LIEN HO PAO in Chinese
13 Dec 93 p 7

["Special dispatch" from Beijing: "Beijing Human Rights Seminar Convener Liu Nianchun Detained by Public Security Organs"]

[Text] In order to mark World Human Rights Day, a group in Beijing held a small seminar a few days ago. Liu Nianchun, convener of the seminar, was detained by public security organs before the seminar and his whereabouts are still unknown.

Liu Nianchun was jailed for several years for being a principal organizer of the nongovernmental magazine JINTIAN [TODAY] in Beijing. To mark World Human Rights Day on 10 December, he had planned a human rights seminar at his home. However, he was taken away by Beijing public security personnel at 0900 that day. Although Liu was detained, a dozen people, including Zhou Guoqiang, Li Hai, Qian Huimin, Yang Jing, Wang Qiang, and Wang Qiu attended the seminar. Most of the attendees had participated in the 1978 and 1979 pro-democracy activities and were later sentenced to prison.

As Liu Nianchun was detained, Zhou Guoqiang, who had brought a case to court in Beijing on behalf of Han Dongfang, said that those who attended the seminar came and left hastily. As a result, the scale of the seminar was smaller than expected. To date, Liu Nianchun is still being held in the police station and the reason for his detention is unknown.

Moreover, the "Beijing Seminar To Mark World Human Rights Day" issued a communique after the meeting which stressed that the basic viewpoints of human rights, politics, and democracy expressed in the "Peace Charter" issued a few days ago conformed to the progress of mankind, development trend, and internal social demand of mainland China. They urged the mainland authorities to adhere with the major trend of international democracy and progress, officially sign the International Human Rights Convention, and release illegally detained persons including Qin Jiamin, Yang Zhou, Zheng Xuguang, Ma Shaohua, and Liu Nianchun. They did not want these people to be subject to illegal political persecution.

NPC Standing Committee Drafts Legislative Agenda

OW1112140093 Beijing XINHUA Domestic Service in Chinese 1127 GMT 9 Dec 93

[By reporter Zhang Shutang (1728 0647 1016)]

[Text] Beijing, 9 Dec (XINHUA)—This reporter has learned from a forum on legislative work held by the National People's Congress [NPC] Standing Committee here today that China will enact more than 150 laws in the five years between 1993 and 1997 and that a legal framework for the socialist market economic structure is expected to basically come into shape by that time.

A legislative program, entitled "The Legislative Plan of the Eighth NPC Standing Committee (Draft)," was recently drawn up by departments concerned. The draft plan lists 152 draft laws to be enacted; 125 draft laws are listed as first category laws to be examined during the current term while 27 are listed as secondary category laws, which the Standing Committee will try to arrange for their examination during the current term. Of the first category laws, 54 are legislations on socialist market economy, including laws on corporation, partnership enterprises, sole-ownership enterprises, share-holding cooperative enterprises, commercial banks, guaranty, investment and trust, brokerage, auction, bids and tendering of bids, real estate, advertising, futures transactions, credit, budget, the central bank, prices, state-owned assets, foreign exchange control, national debts, tax, labor, social security, land, aviation, highway, ports, telecommunications, electric power, atomic power, and energy conservation.

Among the first category laws are 25 legislations related to state organization structural systems, 18 legislations related to education, culture, public health, and environmental protection; 13 legislations related to criminal and judicial systems; and 15 legislations related to civil rights protection and other matters.

In explaining the draft legislative plan, Cao Zhi, secretary general of the NPC Standing Committee, said: Establishing a framework of the legal system for socialist market economy is the principal goal to be attained by the Eighth NPC within its term. We also need to take further steps to explore and study whether there are other laws related to socialist market economy which we need to enact in addition to the ones listed in the draft legislative plan.

Association To Prevent Drug Abuse Established

OW1312103493 Beijing XINHUA in English 1014 GMT 13 Dec 93

[Text] Beijing, December 13 (XINHUA)—A national association for drug abuse prevention and treatment was set up here today.

It is aimed at promoting drug abuse prevention, treatment and recovery in China and helping people to use

narcotics properly, said Chen Minzhang, minister of public health, who is also president of the Chinese Association of Drug Abuse Prevention and Treatment (CADAPT).

Abuses of narcotics, psychotropic drugs, tobacco, alcohol and some other materials are listed by the World Health Organization as forms of drug abuse.

According to Chen, tobacco abuse has received more attention in China in recent years. However, the frequent abuse of imported medicines, costly medicines and tonics as well as ordinary medicines such as analgesics and antibiotics in the country has not been brought to the public's attention, said Chen.

Meanwhile, narcotics abuse has become more serious in some parts of the country. China now has 250,000 drug addicts.

Chen said that it is "urgent" for China to promote domestic drug abuse prevention and treatment. At present, the Ministry of Public Health is taking a series of measures to strengthen controls on medicines and to instruct people on correct medicine use.

The newly-established association will also strengthen cooperation with domestic and foreign counterparts, said Chen.

Increasing Number of Childless Couples Seen

HK1212070493 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0731 GMT 10 Dec 93

["Special article" by reporter Si Liang (1835 5328): "A New Family Pattern, the 'Two-Person World,' Appears in Mainland China"]

[Text] In China, although the authorities have advocated the "one child plan," many couples still try a thousand and one ways to give birth to one or two more children. On the other hand, on this piece of ancient land in the east, a family pattern which is quite common in the west is beginning to appear—the "two-person world," in which couples have decided not to give birth to any children and have thus shaken off the fetters of the long-standing ancient teaching that "there are three major offenses against filial piety, and not producing an heir is the most serious."

According to incomplete statistics, in major cities in China, the total number of young couples able to bear children but unwilling to do so has exceeded one million between 1978 and the beginning of this year. They are called "childless nobles" and constitute a special community in China's modern urban life.

Not giving birth to children after marriage has gradually become a fashionable trend among cadres and intellectuals on the mainland. This group accounts for more than 70 percent of couples who do not wish to have any children. There are different specific reasons for couples who are not willing to have children. One consideration

is that they are worried about the excessively large population in China and would like to contribute to reducing the population base. The second is that their wages are relatively low, their living space is too small, and they are not willing to let their children live in poverty. The third is that they regard their careers more important than a family and think children could hinder the development of their personal careers. The fourth is that they treasure love and do not want to let raising children have any impact on the love between a husband and his wife.

Although this unwillingness to have children is tending to spread wider and wider on the mainland, it is feeling a social pressure because, after all, it is not in keeping with tradition or ethical practices. The pressure mainly comes through the interference of parents, brothers, and sisters and the ridicule of friends, relatives, and colleagues. For example, an old man in Tianjin went so far as to force his daughter to give birth by attempting to hang himself on three occasions. In another case, the wife of a couple, who could no longer bear the gossip and sarcastic remarks, intentionally became pregnant, went to the hospital to have an abortion, and widely publicized the event. The couple did all this with the sole purpose of proving that they were not sterile and "restoring their reputation."

Sociologists on the mainland maintain that in China, a country with a population of 1.2 billion, "two-person world" families are conducive to society, and people should not find fault with them.

Conference on Armed Police Equipment Held

HK1312034393 Beijing JIEFANGJUN BAO in Chinese
23 Nov 93 p 1

[By reporter Chen Shenggen (7115 3932 1649) and special correspondent Wang Zhankui (3769 0594 7608): "Equipment for Armed Police Force Enters Orbit of Regular Development"]

[Text] Wuhan, 21 Nov (JIEFANGJUN BAO)—To proceed from reality, establish the idea of developing equipment with armed police characteristics, give the matter further thought, link immediate to long-term requirements, and do a good job in planning. This is the principle for developing equipment for the armed police force which was set out at the work conference on armed police force equipment held yesterday.

In the 10 years since the reorganization of the armed police force, equipment work has experienced development difficulties but has improved in the course of consolidation in the principle of giving prominence to focuses, ensuring urgent needs, while giving play to the spirit of hard work in pioneering to accomplish something. As a result, the condition of the force's aging equipment of assorted models and poor quality has been changed. Especially in the wake of the expansion of motorized troops, the armed police force headquarters has spent its limited equipment budget for the motorized

troops selectively purchasing cars, telecommunication equipment, and other materials for police purposes. Currently, the major equipment for motorized troops is basically complete. Leading organs at various levels are working hard to explore the characteristics of equipment insurance under the new situation, while paying attention to doing a good job of making preparations to ensuring the needs for any eventuality, including purchasing, storing and transporting, and to satisfy the urgent needs of the troops. Whatever is called for will be basically allotted and delivered at any time as required. The broad masses of scientists and technicians have tackled bottlenecks together, scoring accomplishments in scientific research in equipment. The armed police force headquarters have organized assessment, examination through discussion on two occasions, and 371 items have been awarded Armed Police Force Prizes for Progress in Science and Technology, some of which filled gaps in the force's equipment. In addition, the armed police force headquarters has formulated a series of specific administration regulations based on the People's Liberation Army regulations on the administration of weapons and equipment and related decrees; at the same time, general examination and consolidation was conducted in all units and equipment cadres and some of professional administration backbone were trained in several batches.

In a speech at the conference, armed police force commander Ba Zhongtan stressed that to augment the development of weapons and equipment was an important component in the comprehensive building of the armed police force as well as a strategic task that had a bearing on the force's long-term development. It was necessary to make scientific planning, ensure the focuses, develop step by step, and shape into a whole range and system based on the requirements of the situation and tasks, with improving the force's ability to exercise its duty under modern conditions and handling any eventuality, so that the force possesses, in the shortest possible time: Comparatively strong flexibility, abilities in defense, shock tactics, reconnaissance, telecommunications, and logistic insurance to gradually realize the modernization of weapons and equipment to better exercise the sacred mission of safeguarding national security and social stability. Armed police force commissar, Zhang Shutian, presided over the meeting and delivered a speech. Guan Guangfu, Hubei Provincial CPC Committee secretary, Governor Jia Zhijie, et al attended the meeting.

Beijing To Further Preserve Historic Image

OW1112114593 Beijing XINHUA in English 1126
GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—China's capital Beijing has worked out a master plan to further preserve and boost its image as a historic and cultural city in the next 20 years.

The urban development master plan for 1991-2010, recently approved by the State Council, China's highest

governing body, gives priority to the preservation of cultural relics and traditional layout of the city.

As the nation's capital for about 840 years, Beijing boasts countless world-famous cultural relics such as the Forbidden City, the Great Wall and the Peking Man archaeological site.

However, with the rapid economic development, many historic sites and architectural treasures have fallen into the shadow of high buildings and modern facilities.

The plan, to work as a set of guidelines for the city's construction, is part of measures taken by the local government to restore the city's historic identity.

It covers cultural relics under the state, city and district protection, as well as 25 historical cultural protection zones approved by the municipal government.

Meanwhile, quadrangles, Beijing's traditional living quarters that have not been listed as protection sites until now, will be placed under preservation and protection.

The plan emphasizes that the preservation and development must give full consideration to the city's layout, design, environment and cultural traditions.

Based on this principle, the 8-kilometer north-south axis which bisects the old Beijing City will be protected and Tiananmen Square will remain in the middle of the axis.

No modern high-rises are allowed in the area, the plan stipulates.

The old city's contour shaped in the Ming (1368—1644) and Qing (1644—1911) dynasties will be maintained. The rivers and lakes closely related to the city's history, such as Changhe River, Six Lakes, and the south and north city moats, will be protected.

The plan will keep Beijing's present chessboard-like pattern of roads, streets and hutongs (alleys). The traditional palette of colors, with the red walls and yellow tiles of imperial palaces set off by the surrounding bluish grey residences, must be preserved.

To maintain the broad field of vision in the old city, building heights in urban areas will be strictly controlled.

More traditional walking squares like Tiananmen Square are planned to be built in intersections and shopping centers such as Xidan, Dongsì and Gulou.

Plans also include protection of century-old trees and trees with special meaning.

'Oriental Health Fair' Opens in Beijing

OW1112080593 Beijing XINHUA in English 0713
GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—A major health fair to promote traditional Chinese remedies opened at the China international exhibition center here today.

The ten-day "'93 Oriental Health Fair" is showing the achievements of China's traditional medical sciences and development of health remedies research in recent years, said organizers of the fair.

According to medical specialists, oriental health sciences, which focus on traditional medicine, Qigong, Wushu (martial arts such as shadow-boxing) and the latent energy of the human body, have been devised over several thousand years. They have become a part of the world's human body sciences which have retained their own characteristics.

During the fair there will be demonstrations of Qigong, Wushu and the treatment methods of traditional Chinese medicine. Consultants are also on hand to discuss Qigong and traditional Chinese medicine and even to give treatment.

Islamic Association Marks 40th Anniversary

OW1312134693 Beijing XINHUA in English 1329
GMT 13 Dec 93

[Text] Beijing, December 13 (XINHUA)—The sixth Chinese Islamic National Conference was held in Beijing today.

Presided over by Hai Iliyas Shen Xiapi, president of the Islamic Association of China, the conference was held to mark the 40th anniversary of the organization's founding.

More than 300 representatives from 10 ethnic minorities across the country attended the conference.

In his report to the conference, Al-Hajji Salah an Shiwei, vice-president of the association, said that over the past four decades, Islamic services in China have seen great progress.

He said that the religious life and customs of Islamic people were respected by the whole of society.

He said that relations between the nationalities and various Islamic sects have shown marked improvement.

He noted that the economic development, along with cultural and educational services, in the Islamic people's living areas have seen rapid development.

Wang Zhaoguo and Seypidin Aze, vice chairmen of the National Committee of the Chinese People's Political Consultative Conference, attended the conference to express congratulations on the 40th anniversary of the association.

Military

Leaders Mark Zhu De's Birth Anniversary

Ceremony Presenting Biography Held

OW1112141393 Beijing XINHUA Domestic Service in Chinese 1158 GMT 10 Dec 93

[By RENMIN RIBAO reporter He Jiazheng (0149 0502 2973) and XINHUA reporter Zheng Qingdong (6774 1987 2639)]

[Text] Beijing, 10 Dec (XINHUA)—A meeting was ceremoniously held at the Great Hall of the People this afternoon by the CPC Central Military Commission to mark the publication and distribution of *Biography of Zhu De* and to mark Zhu De's 107th birth anniversary. Jiang Zemin, Li Peng, Zhu Rongji, Liu Huaqing, Rong Yiren, and people from various circles, totalling more than 300, attended the meeting.

Liu Huaqing, member of the CPC Central Committee Political Bureau Standing Committee and vice chairman of the Central Military Commission, presided over and spoke at the meeting. He said: *Biography of Zhu De* is published and distributed on the occasion of Zhu De's 107th birth anniversary. We use this occasion to hold this meeting to remember Comrade Zhu De, who has been enjoying the sincere love from the whole party, the whole Army, and people across the country.

Jiang Zemin, general secretary of the CPC Central Committee, Chinese president, and chairman of the Central Military Commission, delivered a speech at the meeting. He said: Comrade Zhu De was a proletarian revolutionary, statesman, and strategist of noble character and high prestige of the older generation; he was one of the major founders of our People's Republic and the People's Army; he was an outstanding leader of our party, state, and Army. He has left us his brilliant achievements and precious spiritual wealth.

Jiang Zemin said: Comrade Zhu De became a great communist from a patriot and a democrat. It would be impossible for him to do so if he did not have a keen sense of responsibility for the fates of his country, nation, and people; if he did not have a thorough understanding of Marxism; if he were not persistent in pursuing the liberation of the Chinese people; and if he lacked extraordinary will power and courage. Comrade Zhu De had a will that was as strong as steel. The revolutionary resoluteness and unwavering Marxist conviction that Comrade Zhu De fully demonstrated in his life-long revolutionary practice, especially at the critical moments in our party's history, are an extremely precious character of communists. This character will encourage us to unswervingly and constantly push our great undertakings forward.

Jiang Zemin pointed out: Over the long time of revolution and construction, Comrade Zhu De had consistently maintained a flesh- and-blood relationship with

the masses. Currently we are seizing the opportunity to quicken the pace of reform, opening up, and modernization, and to develop a socialist market economy; therefore, we should all the more self-consciously follow the examples set by Comrade Zhu De and other revolutionaries of the older generation and should preserve and develop the good traditions and work style of seeking truth from facts and of maintaining close contacts with the masses.

Jiang Zemin stressed: For his whole life, Comrade Zhu De had practiced strict self-discipline and honestly performed his official duty. He truly set a good example for us. We should learn from Comrade Zhu De's good conduct of selflessly dedicating himself and of being honest and upright; we should resolutely oppose worshipping money, extreme individualism, and corrupt life style; we should truly improve the party style and do a good job in promoting socialist spiritual civilization, to ensure that our socialist undertakings with Chinese characteristics develop smoothly and in a healthy manner.

Before closing his speech, Jiang Zemin stressed: The 20th century sees earth-shaking historic changes in China; it is a century in which the Chinese nation is liberated and begins its all-out rejuvenation efforts. Only seven years of this century are left. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the whole party, the whole Army, and people across the country should unswervingly adhere to the party's basic line of "one central task and two basic points"; should learn and promote the glorious work and exemplary mental approach of Comrade Zhu De and other proletarian revolutionaries of the older generation; should work in a down-to-earth manner for our cause; should work hard to accomplish the tasks laid down by the CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, so that we can usher in the 21st century with full confidence.

In his speech, Liu Huaqing focused on Comrade Zhu De's contributions to army building. He said: Comrade Zhu De had consistently upheld the party's absolutely leadership over the Army and had asked the entire Army to adhere to its principle of serving the people wholeheartedly. He had very rich experience in commanding the Army and had systematically written profound theses on maintaining, commanding, training, deploying troops; on military command and political work; on ways to disintegrate the enemy forces; and on military equipment and logistic support. These expositions had enriched Mao Zedong's military thinking as a system and had an important impact on the formation of the PLA's fine traditions and its building. After the founding of the PRC, Comrade Zhu De made important contributions to our Army's endeavor to build itself into a revolutionary, modern, regular army. Comrade Zhu De will always live in our hearts. The great contributions made by him and other proletarian revolutionaries of the older generation and their way of thinking will always be a tremendous spiritual force inspiring us to forge ahead.

In the forum, Vice Chairman Zhang Zhen of the Central Military Commission introduced Comrade Zhu De's life. He pointed out: We must learn from Comrade Zhu De's revolutionary spirit and his thinking and moral character. Under the leadership of the CPC Central Committee and the Central Military Commission, with Comrade Jiang Zemin at the core, we must earnestly study Volume 3 of the *Selected Works of Deng Xiaoping* and Comrade Deng Xiaoping's other works in light of the actual conditions of army building in the new period and work hard to raise the building of a revolutionary, modern, and regular army to a new level.

Bo Yibo, Chen Xilian, Xiao Ke, and other veteran comrades also spoke one after another at the forum. They recalled with deep feelings Comrade Zhu De's tremendous, indelible contributions to the cause of the Chinese's people's liberation.

Leading comrades, including Li Tieying, Yao Yilin, Song Renqiong, Lei Jieqiong, Chi Haotian, Luo Gan, Ngapoi Ngawang Jigme, Seypidin Aze, Hong Xuezhi, Chao Puchu, Hu Sheng, and Qian Zhengying; responsible persons of departments concerned; veteran comrades who worked with Comrade Zhu De; and Comrade Zhu De's relatives attended the forum.

Jiang Zemin Addresses Forum

OW1112021593 Beijing XINHUA Domestic Service in Chinese 1209 GMT 10 Dec 93

[Text] Beijing, 10 Dec (XINHUA)—Speech at a forum marking the publication and distribution of *Biography of Zhu De* and Zhu De's 107th birth anniversary:

(10 December 1993)

By Jiang Zemin

Comrades:

Today, the Central Military Commission is hosting a forum to mark the publication and distribution of *Biography of Zhu De* and to commemorate Comrade Zhu De's 107th birth anniversary. Like everybody else, I am very excited.

Comrade Zhu De was a proletarian revolutionary of the older generation, statesman, and military strategist of noble character and high prestige. He was one of the principal founders of our People's Republic and People's Army, as well as an outstanding leader of our party, state, and army. Comrade Zhu De's name remains forever in the history of the Chinese people's epic struggle during the 20th century. He bequeathed to us glorious achievements and precious spiritual wealth.

Comrade Zhu De turned from a patriot and democrat into a great Communist. He was born during the dark years when the Chinese nation and people suffered the twin oppression of imperialism and feudalism and were subject to every kind of bullying and humiliation. To save the country and the people, and to rejuvenate

China, Comrade Zhu De gave up scholarly pursuits to join the Army in his youth. He took part in an uprising in Kunming during the 1911 Revolution. Thereafter, he took part in the war against the northern warlords to defend the country and the Constitution, thereby becoming a famous general in the Yunnan Army. In those same years, he suffered great mental anguish when he found that the goal for which he was fighting could not be realized and that his country, nation, and people remained in an abyss of misery. Influenced and prodded by the October Revolution and the May 4th Movement, he resolved to find a new way to save the country and people. Afterward, he relinquished his well-paying official post for a highly perilous course of arduous pursuits, eventually finding the CPC and the correct path and force for helping the Chinese people realize national and social liberation. It would have been impossible to effect this change had it not been for his profound sense of responsibility toward the destiny of his country, nation, and people; his true understanding of Marxism; his dogged pursuit of the cause of liberating the Chinese people; and his amazing willpower and courage.

In the eyes of revolutionary fighters of the older generation who knew him well, Comrade Zhu De was a kindly, honest, and sincere elder with an iron-like strong will. The Chinese Revolution was not won easily. It underwent many unimaginable hardships, dangers, and complications. Nevertheless, Comrade Zhu De fully showed his great wisdom and courage characterized by fearlessness, composure, and decisiveness during critical moments when the revolution suffered serious setbacks and in times of great difficulty. He never lost heart because of difficulties and setbacks. Following the failure of the first domestic revolution, Comrade Zhu De took part in the Armed Uprising in Nanchang, which was the first shot fired by our party against the Kuomintang reactionaries. After the failure of the uprising, Comrade Zhu De again bravely accepted a dangerous task and, together with Comrade Chen Yi, led some 700 isolated troops to fight in various places amid the white terror and launched the famous Xiangnan Uprising. He finally led more than 10,000 people to Jinggangshan to victoriously join forces with troops led by Comrade Mao Zedong, thus creating a new situation of setting up a separate regime formed by armed workers and peasants. During the course of the Long March, when Zhang Guotao carried out antiparty separatist activities, Comrade Zhu De persisted in adhering to the principle despite the adverse situation like a firm rock in mid-stream, and patiently persuaded the broad masses of commanders and fighters of the Fourth Front Army to wage resolute struggle against Zhang Guotao's separatist activities, and eventually accomplished the great grouping of the three main forces in Northwest China. Comrade Mao Zedong had commented highly on the role played by Comrade Zhu De in this battle and described him as "betraying no fear in an hour of danger," "being broad-minded," and "having a will of steel." This is the most correct summation of Comrade

Zhu De's thinking and character. In his life-time revolutionary practice, especially in the critical moment of the party, Comrade Zhu De fully demonstrated his revolutionary solidarity and unswerving belief in Marxism—these are extremely valuable characteristics of communists. Those characteristics will encourage us to brave fierce wind and rains, sit steadily in the fishing boat, and firmly and constantly make progress in the new practice of the great cause of reform, opening up, and the socialist modernization drive.

Comrade Zhu De possessed a very strong party spirit. He had made great deeds in defeating the foreign enemies' invasion of the Chinese nation and in realizing the standing up and liberation of the Chinese people. He was wholeheartedly loved by the whole party, the whole Army and people of the whole country. However, he never claimed credit for his meritorious services and was always modest and prudent. He attributed all merits to the masses and the party. Comrade Zhu De was the world renowned commander-in-chief of the Chinese Workers' and Peasants' Red Army, commander-in-chief of the Eighth Route Army, and commander-in-chief of the Chinese People's Liberation Army. However, he always considered himself a common fighter and placed the Army under the party's absolute leadership. He repeatedly stressed that the Army was built and developed under the leadership of the party and had won battles under the leadership of the party. The party is the leader of the Army, and the Army is the tool used by the party to develop revolution and consolidate the results of revolutionary victories. His whole life was open and above board. He always took the whole situation into consideration and strictly obeyed discipline. His noble character and revolutionary style will forever remain in the people's hearts.

In the long period of revolution and construction, Comrade Zhu De always maintained close ties of flesh and blood with the masses. He was a child of the working people. In the revolutionary war years, he was a common soldier who lived together with and shared weal and woe with the fighters as well as the all-powerful commander-in-chief of the three services of the Army. During the period of staying in Jinggangshan, he and common fighters carried grain up the mountain. The famous story of "Zhu De's carrying pole" is well known to the people to this day. On the road of the Long March, he picked up wild vegetables for food together with the fighters. Prior to and around the battle of Shijiazhuang during the War of Liberation, he went to the frontline to discuss war plans together with commanders and fighters at the grass-roots level, sum up battle experiences, and initiate a new experience of practicing democracy in military affairs. After the founding of New China, Comrade Zhu De reached his advanced age and held a high position; but he spent several months of almost every year inspecting various places in the country and investigating and studying to understand life of the society, the sentiments of the masses, and the situation of various construction work. He was unassuming and amiable. He

earnestly listened to the masses, summed up the their opinions in a timely manner, promoted their experience in practice, submitted reports on his findings to the party's Central Committee and Comrade Mao Zedong, and took part in making decisions on various important issues concerning the party and state. Because he frequently went deep to the grass roots to maintain close contact with reality and the masses, he was always able to seek truth from facts, to take actual situations into consideration, and to put forward many practical opinions which are still correct even from today's point of view. This fact once again tells us that correct thinking comes from the practice by the masses—only by keeping very close contact with the masses can we continue to gain, adhere to, and develop the understanding of truth as well as ensure our decisions are scientific and correct. Currently we are seizing the opportunity to quicken the pace of reform, opening up, and modernization as well as to develop a socialist market economy; therefore, we should all the more self-consciously follow the examples set by Comrade Zhu De and other revolutionaries of the older generation, and should preserve and develop the good traditions and work style of seeking truth from facts and of maintaining close contact with the masses.

Comrade Zhu De practiced strict self-discipline his entire life and honestly performed his official duties. He truly set a good example. During the early days of the founding of the People's Republic, Zhu De held the post of secretary of the party's Central Discipline Inspection Commission, effectively doing a great deal of work to preserve the party's fine traditions under the new historical conditions. The military rank of marshal was conferred on him in 1955—he ranked first among the country's ten marshals. The well-known female U.S. writer Agnes Smedley wrote a book entitled *The Great Road* which relates Comrade Zhu De's revolutionary deeds. In her will, she set aside nearly 10,000 marks from the book's royalty for Zhu De. But Comrade Zhu De did not take one penny of the money; instead, he instructed the money be used to purchase a large number of urgently-needed science and technology books for the state. Before his death, Comrade Zhu De asked Comrade Kang Keqing to give to party organizations the nearly 20,000 yuan renminbi he had managed to save since the founding of the People's Republic. We should learn from Comrade Zhu De's conduct of selflessly dedicating himself and of being honest and upright; we should resolutely oppose the worship of money, extreme individualism, and corrupt life styles; we should truly improve party style and do a good job in promoting socialist spiritual civilization in order to ensure our socialist undertakings with Chinese characteristics develop smoothly and in a healthy manner.

Comrades, the 20th century witnessed earth-shaking historic changes in China; it is a century in which the Chinese nation was liberated and began its all-out rejuvenation efforts. Only seven years are left in this century. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, let the

entire party, the entire army, and people across the country unswervingly adhere to the party's basic line of "one central task and two basic points"; let us learn and promote the glorious work and exemplary mental approach of Comrade Zhu De and other proletarian revolutionaries of the older generation; let us work in a down-to-earth manner for our cause; let us work hard to accomplish the tasks laid down by the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central committee; and let us usher in the 21st century with full confidence.

Chi Attends Foreign Military Attaches Dinner

OW1112131693 Beijing XINHUA in English 1242
GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—Corps of military attaches of foreign embassies in Beijing hosted an annual dinner here this evening.

Among those attending the dinner were Chinese State Councillor and Minister of National Defence Chi Haotian, Deputy Chief Xu Huizi of the General Staff of the Chinese People's Liberation Army (PLA), Commander Zhang Lianzhong of the PLA Navy and Commander Cao Shuangming of the PLA Air Force.

PLA Maritime Legal Consulting Service Founded

HK1312124593 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0602 GMT 1 Dec 93

[Text] The PLA Naval Maritime Law Consultancy—the first specialized legal consulting service for the Chinese armed forces—has recently opened for business. Founded in accordance with the PLA General Political Department's "Interim Provisions for Legal Services Within the Armed Forces," the firm will meet the needs of work in the Navy, further expand legal services, settle marine and maritime disputes, and safeguard the PLA's legitimate interests.

The service is staffed by a group of professional lawyers who have high academic qualifications and are well-versed in marine and maritime laws and very experienced in conducting lawsuits. Aimed at providing services for the armed forces, it will accept clients from military units or personnel for various kinds of disputes, such as vessel crashes, water pollution, damage to port facilities or underwater cables, and blockage of navigational channels. The service has set up branches in Qingdao, Ningbo, and Zhanjiang to handle specific cases.

TV Series on Mao Zedong Military Thought Begins

OW1112061693 Beijing XINHUA Domestic Service in
Chinese 0735 GMT 10 Dec 93

[Text] Beijing, 10 Dec (XINHUA)—A premiere of the television series "Mao Zedong Military Thought" [mao

ze dong jun shi si xiang 3029 3419 2639 6511 0057 1835 1927], its title being written by Jiang Zemin, was held in Beijing today.

In conjunction with historical facts about our army's battles and development in various historical periods, the TV series systematically introduces the scientific system and basic theory of Mao Zedong military thought, as well as the development of Mao Zedong military thought by Comrade Deng Xiaoping under new historical conditions. The TV series—which is rather ideological, scientific, and artistic—is currently the only series which systematically expounds on Mao Zedong military thought for the entire Army. The series is divided into seven parts: "The Light of Truth" [zhen li zhi guang 4176 3810 0037 0342], "The Spirit of War" [zhan zheng zhi hun 2069 3630 0037 7609], "The Foundation of Military Construction" [jian jun zhi ben 1696 6511 0037 2609], "The Source of Victory" [sheng li zhi yuan 0524 0448 0037 3293], "The Way To Win" [zhi sheng zhi dao 0455 0524 0037 6670], "The Strategy for Defending the Country" [wei guo zhi ce 5898 0948 0037 4595], and "The Unaccomplished Tasks" [wei jing zhi ba 2607 4544 0037 6405].

Economic & Agricultural

Zhu Rongji Given Charge 'To Oversee' Economy

HK1312062593 Hong Kong THE STANDARD in
English 13 Dec 93 p 1

[Report by Cary Huang]

[Text] Reformist vice-premier Zhu Rongji has been given the responsibility to oversee China's economy, a job normally carried out by the premier. The decision, proposed by patriarch Deng Xiaoping, to enthrone Zhu as the country's economic supremo was apparently intended by the reformist faction to upstage conservative Premier Li Peng on economics.

The move has again aroused concern about Li's political fate and suggests a power struggle within the leadership, China watchers and Beijing-based diplomats said. Chinese sources said the 89-year-old Deng has gained an upper hand within the party by appointing Zhu to assume economic responsibility and oversee reforms.

The decision was recently made by the Politburo, the ruling Communist Party's top decisionmaking body, and was endorsed by the Central Committee. The internal appointment was officially made at the recently ended Third Plenum of the party's 14th Central Committee, which approved a landmark blueprint for economic restructuring towards the next century. The party meeting was asked to deliberate and approve a suggestion by Deng who said Zhu was the most appropriate and capable person to shoulder the loaded responsibility in pushing the country to a new stage. Though the decision

was made under the precondition the premier had not yet fully recovered from his heart ailment, it was a fatal blow to Li's political life.

Despite his return to regular public appearances and resumption of diplomatic and ceremonial duties as the head of the government in recent months, the premier was advised by his doctors not to overwork, informed Chinese sources said yesterday. "In fact, Zhu is now the top administrator on economic affairs and reforms in the State Council,"—a Beijing source said. China watchers said Zhu is now Deng's favored candidate to push forward the second round of reforms and steer the economy into the next century. However, Li remains to undertake most of his other duties as the head of the government, especially in diplomacy and public functions.

Zhu's elevation is aimed at paving the way for him to succeed Li as the next Chinese premier, though Li's premiership does not expire until 1998. The tenure of the Chinese premier lasts five years and Li's second term of premiership started in April.

Sources said Deng has been pushing to promote Zhu and collecting evidence of the vice premier's performance to convince other party elders his choice was right. Sources dismissed reports by overseas media that Zhu's position in the party and government had been shaken after the halting of his financial retrenchment campaign. "Zhu has been in absolute charge of economic affairs in the State Council and played the most crucial role in launching the currently renewed reform campaign within the party," the source said.

Zhu was reported to have been sidelined because his program contradicted Deng's call for faster economic growth.

Zou Jiahua Inspects Ertan Hydropower Project

*OW1212142493 Beijing XINHUA in English 1401
GMT 12 Dec 93*

[Text] Chengdu, December 12 (XINHUA)—Chinese Vice-Premier Zou Jiahua today inspected the Ertan hydropower project, near Panzhihua City in Sichuan Province.

Located on the Yalong River, a main tributary of the Chang Jiang, Ertan is the largest hydropower project in China, with a designed installed capacity of 3.3 million kilowatts.

On behalf of the Central Committee of the Chinese Communist Party and the State Council, Zou extended congratulations on the success of the damming of the Yalong River on last Friday.

With a 240-meter-high dam, the station is expected to generate 17 billion kilowatt-hours of electricity annually after its completion in the year 2000.

Zou said that the Ertan station is one of China's most important projects built with World Bank loans. He praised reform of project management, contract of construction through international public biddings and adopting other international conventional practices in this project.

He said that the power station will benefit southwest China and play an important role in the country's economic construction.

Zou presided over a meeting at the construction site of the Ertan station to discuss problems in the project.

Also present at the meeting were leading officials from the State Planning Commission, the Ministry of Finance, the Ministry of Power Industry, the Ministry of Water Resources, the Construction Bank of China and the Sichuan Provincial Government.

Chen Jinhua at Ethylene Project in Shanghai

*OW1212142293 Beijing XINHUA in English 1253
GMT 12 Dec 93*

[Text] Shanghai, December 12 (XINHUA)—Shanghai 300,000-ton ethylene project passed the state appraisal today in this oriental metropolis of Shanghai.

Chen Jinhua, minister in charge of the State Planning Commission, today spoke highly of the significance of the project for the country's overall economic development. The minister specially arrived in Shanghai, also China's leading industrial center, for attending the appraisal ceremony.

According to engineers responsible for the construction of the project, the entire Shanghai ethylene project is equipped with 13 sets of equipment for ethylene production with an annual capacity of 300,000 tons and possessing 12 other products. It is believed to be China's largest center for producing petrochemical raw materials for textile, chemical, instrument and light industries.

In addition to ethylene, its products include epoxy ethane, glycol, polypropylene, polyethylene, chloroethene, polyvinyl chloride, caustic soda, tetrachloroethylene, syn-butyle rubber and paste resin.

The 13 sets of ethylene production have been installed in Shanghai Petrochemical Joint-Stock Corporation, Shanghai Alkali Chloride Company Ltd at Wujing and Gaoqiao Petrochemical Company, respectively. The three production bases are linked together by an ethylene pipeline, with a length of 55 km.

The whole project cost a total investment of 9.065 billion yuan (about 1.511 billion U.S. dollars), including 575 million U.S. dollars of foreign investment.

State-Owned Firms Still 'Backbone' of Economy

HK1112073493 Beijing CHINA DAILY in English 11 Dec 93 p 1

[By staff reporter Wu Yunhe: "State Firms Backbone of Economy"]

[Text] State-owned large and medium sized enterprises still constitute the mainstay of China's national economy.

They generate more than half of the pre-tax profits in China's industrial sector, an official report said yesterday.

During the first 10 months of this year, China's industrial enterprises at and above the township level earned 299.5 billion yuan (\$51.6 billion) in pre-tax profits.

Sixty percent of the profits were made by State-owned large- and medium-sized firms.

The joint report was released by the State Statistics Bureau, the State Planning Commission and the State Economic and Trade Commission.

During the first 10 months of this year sales of the country's industrial products hit 2679.2 billion yuan (\$462 billion).

Of these, 53 percent were garnered by State-owned large- and medium-sized enterprises.

However, the official report pointed out that many problems, such as business losses and high inventory are still plaguing the country's industrial enterprises.

The economic performance of industrial firms has declined since July, when the government tightened money supply and strengthened its macro-economic control.

During the first 10 months of this year, official statistics showed that 19.7 percent of the country's 364,500 industrial firms were running in the red.

'Marked Increase' in Economic Strength Noted

HK1312090893 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 1 Dec 93 p 2

[By Gong Hong (7895 4767 1230): "Marked Increase Registered in China's Economic Strength"]

[Text] According to the latest statistics, the number of cities (including counties under the jurisdiction of cities, calculated at this year's prices) with a GDP exceeding 10 billion yuan reached 54 in 1992, 11 more than the figure in the previous year.

The following are the 54 cities in order of GDP: Shanghai, Beijing, Guangzhou, Tianjin, Suzhou, Chongqing, Wuxi, Shenzhen, Shenyang, Hangzhou, Chengdu, Qingdao, Nanjing, Dalian, Foshan, Wuhan, Yantai, Yangzhou, Weifang, Ningbo, Daqing, Jinan, Tangshan,

Nantong, Zibo, Harbin, Anshan, Changchun, Zhaoqing, Fuzhou, Xuzhou, Zhengzhou, Changzhou, Xian, Jiangmen, Jining, Kunming, Changsha, Yancheng, Zhanjiang, Weihai, Shaoxing, Quanzhou, Wenzhou, Huaiyin, Xiangfan, Taiyuan, Shijiazhuang, Jiaying, Jilin, Maoming, Luoyang, Zhenjiang, and Taian.

All the 54 cities are currently playing a decisive role in China's national economic and social development. The total GDP of the 54 cities amounts to 1,155.9 billion yuan, accounting respectively for 57.6 percent and 48.8 percent of the total GDP for all cities and that of the entire country. Among the cities, the GDP's of Shanghai, Beijing, Guangzhou, and Tianjin all exceed 40 billion yuan, while the total GDP of the four cities amounts to 269.7 billion yuan, representing 11.3 percent of the country's total.

Judging from the regional distribution of the 54 cities, 41 are located in the eastern region, making up 76 percent of the total, while only 13 are in the central and western regions.

Judging from the nature of the cities, the 54 cities can be roughly divided into four categories: The first category includes cities which are advanced in their economy, culture, and science and technology. Under this category are the three municipalities of Shanghai, Beijing, and Tianjin, and 18 provincial-level central cities, which have attained overall development and a relatively greater accumulated efficiency [ju ji xiao yi 5112 7162 2400 4135] by making full use of their own solid economic strength and comprehensive superiorities. The second category includes 16 cities in coastal open areas, such as Shenzhen, Qingdao, Dalian, and Yantai. These cities have made full use of preferential policies and regional superiorities and have vigorously promoted an export-oriented economy; as a result, the economic strength of these cities has been reinforced rapidly during the process of reform and opening up. The third category includes nine resources cities and industrial base cities, such as Weifang, Daqing, and Zibo. Cities under this category have devoted efforts to developing production and have seen constant growth in their economic strength by using their rich natural resources and solid industrial foundation. The fourth category includes 8 cities in which township and town enterprises have undergone fairly rapid development, such as Suzhou, Wuxi, and Yangzhou. Through promoting township and town enterprises, cities under this category have improved the rural industrial structure and have opened up a new path for attaining common prosperity in both urban and rural areas. The following are the 12 cities which enjoy a relatively higher urban per capita GDP of over 10,000 yuan: Shenzhen, Zhuhai, Daqing, Karamay, Foshan, Dongying, Panjin, Xiamen, Guangzhou, Wuxi, Weihai, and Shiyang.

Customs Says Imports To Exceed Exports in 1993*OW1312154293 Beijing XINHUA in English 1518
GMT 13 Dec 93*

[Text] Beijing, December 13 (XINHUA)—China's exports will surpass 91 billion U.S. dollars by the end of this year while its imports are expected to reach 100 billion U.S. dollars, the General Administration of Customs forecast here today.

China's imports and exports together total 164.2 billion U.S. dollars with a deficit of 7.7 billion U.S. dollars for the first 11 months of the year. The trade volume represents a 16.5 percent growth over the same period last year. Of this total, exports amounted to 78.25 billion U.S. dollars, 6.2 percent higher than the same period last year, and imports totalled 85.95 billion U.S. dollars, up 27.8 percent.

Exports of primary products went down by 4.6 percent, but of manufactured products rose by nine percent.

Going up are exports of garments, shoes, toys, furniture, cigarettes, mechanical and plastic products, and tourism goods. Down were exports of textile products, petroleum, coal, steel, nonferrous metals, cement and silk.

The imports in great demand are mechanical and electric products, which amounted to 41.03 billion U.S. dollars, 44.9 percent of all the imports in these 11 months.

Other increasing imports are cars, airliners, telephone exchanges, rubber, steel, iron ore and machinery for the textile, plastic and mining industries.

Import Subsidies To Be Abolished 'Next Year'*HK1212080493 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 12-18 Dec 93 p 1*

[Text] China will abolish import subsidies next year as part of its effort to liberalize foreign trade.

China currently subsidizes the import of only three major commodities, down from eight a few years ago.

The cancellation of subsidies will help put China's import business on a market basis, officials say.

Import licences for nine commodities will also be abolished this year and, officials say, most of the licences for another 53 import items will be phased out over the next four years.

Certain restricted import items will continue to fall under quota and licence management.

"From next year, we will regulate imports mainly by tariffs, not administrative measures," an official said.

He said China would reduce tariffs even further in coming years but reductions would be strictly controlled.

Analysts say these reforms will help cool China's hectic import growth.

China plans imports worth \$100 billion in 1994, roughly maintaining this year's level and continuing a steady decline from the 27-percent growth recorded between January and November.

Officials say China will impose interim measures to restrict imports when necessary, according to international practice, to control a ballooning foreign trade deficit.

"We will also protect domestic markets from being squeezed by foreign subsidized exports by resorting to anti-dumping practices," an official said.

Democratic Parties Promote Economy in Minority Areas*OW1212151293 Beijing XINHUA in English 1449
GMT 12 Dec 93*

[Text] Beijing, December 12 (XINHUA)—China's democratic parties have spared no efforts in promoting economic development in the country's minority-inhabited areas.

Democratic parties and the All-China Federation of Industry and Commerce have submitted more than 4,000 proposals to the State Council and relevant ministries on eliminating poverty in backward and minority areas of China over the past five years.

Many of the proposals have been adopted and have proven effective.

One plan drawn up by the China Democratic League on the establishment of minority economic development areas along the upper reaches of the Yellow River has helped enrich the region.

A blueprint on reconstructing "Silk Road" in southwestern Sichuan Province has been worked out by Fei Xiaotong, chairman of the Central Committee of the China Democratic League.

Since the early 1980s, these parties have sent more than 36,000 experts and technicians to ethnic minority areas to give lectures, provide advisory services and help solve technical problems.

The parties and the federation have trained more than 650,000 skilled workers since 1988.

Those organizations have also helped the minority areas to attract domestic and overseas investment amounting to more than 1.8 billion yuan (about 320 million U.S. dollars).

Companies Withdraw From Border Trade in Northeast*HK1112071293 Beijing ZHONGGUO XINWEN SHE
in English 0433 GMT 11 Dec 93*

[Text] Harbin, December 11 (CNS)—Many companies and representative offices for trade in the border areas of

northeastern China which had come from the country's inland areas to engage in cash-trade with Russia have been withdrawing.

According to a survey taken in Suifenhe City, Heilongjiang Province and in Manzhouli City in the Inner Mongolia Autonomous region, 417 companies have quit these places while another 311 are waiting and considering whether to quit or not. Only 194 companies in Manzhouli are still engaging in trade with 116 of them achieving any real progress in their business while of the 1,300 such companies in Suifenhe, 90 percent of them are suffering from no business.

One reason for this situation is the financial losses suffered by having to use cash to purchase goods in Russia in the wake of rising prices and tariffs imposed in Russia resulting from the unstable political situation there. In addition, after the rectification of financial order in China, the exchange rate of the U.S. dollar to the RMB [renminbi] has been dropping resulting in big losses suffered in purchasing goods abroad with U.S. dollars for sale in China.

Another reason is that many such companies receiving loans through malpractices in the past have no sources of capital now as China is tightening the rules and stopping up loopholes in the financial sector.

Other reasons include saturation stocks of Chinese goods in the far eastern region, commodities from Japan, South Korea and Western countries entering Russia and the inability of transport to move goods across the Sino-Russian border.

Ministry To 'Phase Out' Mandatory Bond Sales

HK1212081193 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 12-18 Dec 93 p 2

[By Ren Kan: "Bond Issues To Increase in '94"]

[Text] China is ready to gradually phase out the mandatory sales of its treasury bonds and instead use auctions to sell them.

Gao Jian, deputy director of the State debt administrative department of the Ministry of Finance, said the selling of government bonds by administrative means will not work as the country is in a period of transition to a market economy.

China had difficulty issuing its 30 billion yuan (\$5.26 billion) worth of treasury bonds this year. It had to extend the period of issue and raise interest rates.

Gao said the central government has decided to mainly rely on selling government bonds next year to make up its fiscal deficit.

This means more government bonds will be issued.

A story in the China Business Times newspaper said China is considering the issue of 60 billion yuan (\$10.5 billion) worth of treasury bonds next year.

Gao said the transition to the auction system—under which dealers, including insurance, investment and securities companies, would purchase the bonds from the Ministry of Finance through public bidding—could be realized through several steps.

During the first phase, the types of treasury bonds will be expanded by adding long-term and short-term bonds to the maturity spectrum.

So far, China has only issued three-year and five-year State bonds.

Long-term treasury bonds, maturing in 8-10 years, will be sold to institutional investors, including pension funds and insurance companies.

As for short-term treasury bills, debts with a one-year term will be issued first.

These moves will improve the central bank's market operations and supply the Ministry of Finance with the necessary funds.

The short-term bonds will be sold mainly to banks and other financial institutions through subscription and auction, because they are familiar with market conditions and are capable of buying the whole package.

For the time being, mid-term treasury bonds will be placed through mandated allocation and over-the-counter market.

During the first stage, the central government can allocate part of its debts to the local government through mandated allocation.

In the second stage, the mandated allocation of mid-term treasury bonds will be replaced by auction.

In the third stage, Gao said, all treasury bonds will be sold mainly through over-the-counter sales and auction.

The maturity of long-term treasury bonds can be prolonged to 20-30 years to provide more flexibility to investors.

'Fixed Assets Growth' To Be Restricted

HK1212080293 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 12-18 Dec 93 p 1

[By Xiao Wang: "Fixed Assets Growth To Be Kept Under 13 Percent"]

[Text] China will keep a tight grip on investment in fixed assets next year to tame the hectic economic growth that has marked 1993.

Officials have predicted a 13-percent increase in total fixed assets investment, much lower than the 46-percent increase this year.

China estimates that total investment in the sector will reach 1.15 trillion yuan (\$198.3 billion) by the end of this year.

Despite the projected drop, economists point out, China still faces a colossal investment base that may well cause inflation to keep rising.

Officials have pledged to keep inflation below 10 percent next year by steering investment toward agriculture, foreign trade and energy development.

"We should strengthen investment in house construction for ordinary urban and suburban residents—while nipping in the bud the building of luxurious office buildings and villas," said an official, adding that the development of natural resources in the western part of the country was an essential developmental issue.

Economists say investment in natural resources could have two benefits—on the one hand, the economic backwater of the west would receive a much-needed boost. On the other, China would be able to obtain its own raw materials and save on imports.

In the first half of this year, hectic capital construction pushed up imports of such raw materials as steel, which in turn caused inflation.

Economists say that if investment is guaranteed for the above-mentioned priority sectors, inflation could be kept under control in 1994.

Of the total planned investment in fixed assets, about one-third will end up in capital construction, resulting in a growth rate of some 10 percent.

The bulk of the investment will go to developing State property.

No new luxury tourism projects will be allowed to go ahead next year.

One official said: "The time has not come to loosen restrictions."

Officials also fear greater money supply and price hikes in certain sectors will add to inflationary pressure.

State control of coal and fertilizer prices will be freed next year, while the prices of crude oil, oil products, electricity and grain will be lifted.

Price hikes will also apply to transportation and raw materials.

That will leave the prices of virtually all the country's commodities open to market forces.

But slower import growth next year could partly offset the domestic pressure of price hikes, economists say.

The elimination of the official exchange rate of 5.8 renminbi yuan to the dollar will boost exports while easing imports, as an exchange rate based on market demands will see a depreciation in the value of the yuan.

In general, devaluation bolsters exports and discourages imports.

China also plans to establish a grain risk fund to offset any drastic fluctuations in grain prices.

Economists say the task of bringing the overheated economy in for a soft landing in 1994 is a demanding one, though it is not without hope.

\$43 Billion To Be Invested in 'Core' Industries

HK1212081093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 12-18 Dec 93 p 1

[By Jin Man: "\$43b Earmarked For Core Industries"]

[Text] China plans to invest 250 billion yuan (\$43.1 billion) next year to upgrade its core industries.

That will be an increase of 13.6 percent over this year's expenditure, projected at 220 billion yuan (\$37.9 billion).

Banks will provide 70 billion yuan (\$12 billion) of next year's investment, up 29.6 percent.

Chinese officials hope foreign investors will join the bandwagon to help spruce up the country's lackluster industries.

The government has mapped out a blueprint for the priority industries it wants renovated in the next two years, although total investment for 1995 is not available.

The first priority is to reduce energy costs. Specific projects are as follows:

Replace the current overworked 350 medium- and low-voltage power-generating units with a combined production capacity of 5.5 million kilowatts with large power generation units.

When the substitution is complete, China will have additional power generation capacity of 2.5 million kilowatts without having to burn more coal.

Install 42 locally-made 200,000-kilowatt power-generation units. Together with another 44 units completed in the last three years, this will boost China's production capacity to 8 billion kilowatt/hours a year.

Increase the country's coal-washing capacity by 20 million tons a year.

Increase the nation's continuous casting capacity by 5.2 million tons.

Add 15 to 20 million tons of annual standard coal production capacity.

The second priority is transportation and telecommunications.

Develop heavy-duty railway cars to help deliver coal in Shanxi Province to other regions.

Upgrade the loading capacity of Shanghai, Ningbo and Guangzhou ports to enhance the transportation of crude oil.

Improve the safety of civil aviation by upgrading navigation, oil supply and maintenance.

Install more than 20 million urban telephone lines.

The third priority is raw materials.

An additional 300,000 tons of ethylene production capacity will be completed in the next two years.

The fourth priority is agro-industry, such as fertilizer, animal feed additives and machinery products.

The fifth priority is to promote the production and export of textiles and electronic items and machinery.

China hopes to export \$35 billion worth of textiles, \$40 billion worth of light industrial products and \$30 billion worth of electronic products machinery products by 1995 through technical renovation in these sectors.

As for automobiles, China plans to increase the proportion of Chinese-made components in cars made with foreign investment.

For example, China hopes to boost the proportion of Chinese-made parts in Santana sedans produced by the Shanghai Volkswagon Company, a joint venture with Germany, to 80 percent.

\$1.7 Billion Earmarked for Housing Loans

HK1112073693 Beijing CHINA DAILY in English 11 Dec 93 p 2

[Report by staff reporter Zhang Yuan: "\$1.7 Billion in Loans for Housing"]

[Text] The People's Construction Bank of China yesterday announced it plans to provide 10 billion yuan (\$1.7 billion) worth of loans to the country's housing reform sector this year.

The huge sum will support the country's "Anju Project" which aims to substantially improve the living conditions of urban and rural Chinese by the year 2000.

The loans will go to both enterprises and individuals for the construction of new residences or purchasing houses.

During the past four decades, the State has spent huge sums of money to house urban residents. Now, the central government is encouraging individuals to purchase homes through housing reform in order to lighten its burden of housing subsidies.

The Construction Bank is China's leading financial source for housing reform. At present, more than 80 percent of the country's housing reform projects are

funded and managed by the bank, according to statistics released yesterday by the Construction Bank.

To date, the bank has provided 33.2 billion yuan (\$5.7 billion) in loans to housing developers throughout the country. The money has helped China complete the construction of new buildings with a total floor space of 500 million square metres, the Construction Bank reports.

Along with the new loans, the bank will also implement other measures to promote housing reform.

First of all, it will spread its mortgage loan plan to the whole country so more individuals can buy houses.

Mortgage loans, a common practice in the West, were first offered by the bank's Shenzhen branch last year. They have become an attractive means of financing for wage earners who dream of owning a house of their own.

Meanwhile, the bank plans to raise more funds to support the construction of houses. This will mainly be done by attracting more deposits.

Finally, the bank will make a sizeable investment in the modernization of its management systems to increase efficiency and better manage its rapidly growing business of public housing funds.

Public housing funds are collected each month from employees of the bank's clients, mainly enterprises and government institutions. The funds have become an important source of capital for housing reform in many cities, such as Shanghai and Tianjin.

So far, public housing funds deposited with the bank throughout China have reached 4 billion yuan (\$689.6 million). About 80 percent of the money has been used to support work units and individuals constructing residential buildings, according to the Construction Bank.

Decline in Industrial Production Reversed in Nov

HK1312095193 Beijing ZHONGGUO XINWEN SHE in Chinese 1238 GMT 8 Dec 93

[By reporter Xiao Rui (5618 3843)]

[Text] Beijing, 8 Dec (ZHONGGUO XINWEN SHE)—Along with the implementation of measures to improve short-term macroeconomic regulation and control and an increase in loans provided to industrial enterprises as circulating funds, the growth rate of industrial production in China stopped declining in November.

According to the latest figures released by the State Statistics Bureau today, China's total industrial output value in November increased by 18.9 percent over the corresponding month last year, and the growth rate in November was 2.5 percentage points higher than in the previous month. This is the first rise since July this year when the monthly growth rate began to decline continuously.

In various industrial sectors, the output value of state-owned industry, industry under collective ownership, and industry in other economic sectors increased by 5.5, 30.1, and 62 percent respectively. In addition, large and medium state-owned industrial enterprises grew by 15.8 percent, representing an increase of 2.2 percentage points over the previous month.

The pickup in China's industrial production in November was chiefly attributed to new changes in state-owned enterprises' industrial production. According to calculations, each percentage point of growth in state-owned industry affects overall industrial growth by half a percentage point.

Judging from different areas, there were 18 areas where industrial production grew faster in November, mainly including Beijing, Shanxi, Liaoning, Jilin, Jiangsu, Zhejiang, Hunan, Guangdong, Sichuan, Yunnan, Shaanxi, and so on, while the growth rate in Heilongjiang, Guizhou, Ningxia, and other provinces and autonomous regions were relatively slow.

With the improvement of the industrial production environment, there were some changes in the structure of China's industrial production. In November, growth rates for heavy and light industries were 3.5 and 1.5 percentage points higher than in October respectively. The former was obviously higher than the latter.

The proportion of industrial production and marketing in China also picked up in November. The sales rate for industrial products as a whole was 96.25 percent that month, which ended the wavering of the industrial sales rate at a low level between June and September.

Data released by the State Statistics Bureau showed that from January to November, China's total industrial output value increased by 22.7 percent over the same period last year. Judging from the changes in November, total industrial output value for the year will increase by 22 percent, and that of state-owned industrial enterprises will increase by approximately 8 percent.

Personalities from economic circles here hold that, at present, it is necessary to further coordinate the relationship between production and marketing and enhance industrial economic results in the course of maintaining an appropriate industrial growth rate through the measures to improve macroeconomic regulation and control.

Industrial Efficiency Drops in First Ten Months

HK1112050493 Beijing ZHONGGUO XINWEN SHE
in English 0311 GMT 11 Dec 93

[Text] Beijing, December 11 (CNS)—According to information jointly made public by the State Statistical Bureau, the State Planning Commission and the State Economic and Trade Commission, the overall level of industrial economic efficiency in China in the first ten months of this year continued to fall. This was seen in

most areas of the country with a growth in the range of loss-making enterprises, especially state-owned ones.

By the end of last October, the comprehensive index for economic efficiency in industrial enterprises nationwide was 95.21, 1.13 percentage points less than that in the first nine months of this year. Except for the ratio of product sales to their production, which saw a rise, all main indices for economic efficiency dropped to various degrees including the ratio of profit and tax to capital, the ratio of profit to loss, the labour productive rate and the floating capital circulation rate.

Some 23 areas out of 29 areas in the country and excluding Tibet saw comprehensive indices for their industrial economic efficiency continuously dropping by the end of last September with extensive drops in eight areas including Henan, Shanghai, Fujian, Hubei, Hunan, Guangxi, Guizhou and Gansu.

In the first ten months this year, the range of industrial enterprises suffering from loss-making enlarged. Of the 364,500 enterprises included in statistics, loss-making enterprises reached 19.7 percent, 2.1 percent up over that seen in the first half of the year. Fourteen areas saw their range of loss-making enterprises reaching 20 percent or more. The range of state-owned enterprises suffering from loss-making was up to 34.2 percent with one-third of the total loss-making enterprises comprising medium- and large-sized ones.

The drop in industrial economic efficiency was the direct result of the shortage of capital and the unreasonable use of capital for other purposes. Owing to the sharp rise of prices for production means in the first half of this year, the ex-factory prices of industrial products were increased by more than 25 percent and after the implementation of macro-regulation and control in the second half of the year, the circulation funds needed by enterprises were generally in short supply, the delay in debt-repayment among enterprises grew worse and the problem of stockpiling of products reappeared. By the end of last month, the stockpiling of finished products made by industrial enterprises increased by RMB 57.9 [renminbi] billion over that at the end of last July and RMB 6.9 billion more than that at the end of last September.

Power Industry To Focus on Reducing Pollution

HK1212081393 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 12-18 Dec 93 p 8

[By Chang Weimin: "State Vows To Reduce Pollution"]

[Text] China's power industry is to concentrate on the development of resources that produce less pollution than coal-fired generators.

Efforts to tap hydro and wind resources will be encouraged, according to an official from the Ministry of Power Industry.

In 2000, hydropower generating capacity will account for 26 percent of the country's total, compared with 24 percent at present.

That means hydropower generating capacity will climb to 75 to 80 million kilowatts that year. The capacity at the end of 1992 stood at 40.7 million kilowatts.

The industry expects to increase its power generating capacity to 310 million kilowatts in 2000 from the present 170 million kilowatts.

The majority of electricity in China is generated by coal-fired power plants, which emit minute sulphur particles that contaminate the environment.

But several hydropower stations, with capacity totalling 20 million kilowatts, are under construction.

Of them, a group capable of producing 9 million kilowatts were kicked off this year.

Jiang Shaojun, the ministry's spokesman, predicted 148 billion kilowatt-hours would be generated by hydropower stations this year, compared with 134.5 billion in 1992.

Development of other energy sources, such as wind power, is also to be pushed forward, Jiang said.

The industry will strive to gain a capacity of 1 million kilowatts by using wind power.

In windy North China, especially the country's north western provinces and autonomous regions, wind generators are common.

In the meantime, the industry will make major measures to reduce pollution from thermal power plants.

The measures are significant as coal-firing plants will remain the mainstay of the industry for the rest of the century.

Installing waste-recycling systems in old power stations is very expensive.

But new thermal plants will be designed to reduce or eliminate pollution.

However, the official admitted that as a developing nation, China needs time to reach anti-pollution standards set by the Western nations.

The industry has made special efforts to raise the standards.

The industry has begun co-operation with the Japanese Government to treat sulphur-rich coal and smoke from coal-fired thermal power plants.

The industry will use funds from the Japanese Government for several projects.

Two sulphur treatment projects are under way in Huangdao, Shandong Province, and Taiyuan, Shanxi Province.

As for the nuclear power sector, another official from the ministry said several new plants are under consideration.

"We attach strict anti-radiation standards to our nuclear plants," the official said.

China has two nuclear power stations, one in Zhejiang Province that is already in operation and the other in Guangdong Province that is to go into operation this year.

Capacity of the two stations totals 2.1 million kilowatts.

No other nuclear power plants are likely to go into operation until after 2000.

However, construction of at least three could be kicked off before the end of the century, the official said.

China, where nuclear power generation is in its beginning phase, is seeking moderate development in this sector.

'Adjusted Plan' for Energy Sector Proposed

*HK1112071093 Beijing ZHONGGUO XINWEN SHE
in English 0506 GMT 11 Dec 93*

[Text] Beijing, December 11 (CNS)—With the ongoing development of the national economy, the Ministry of Power Industry recently presented an adjusted plan to meet the increased needs of power by the year 2000 in a bid to serve the national economy and social development. The goal includes an annual increase in medium- and large-sized generating sets of more than 20 million kilowatts between 1998 and 2000. Such an ambitious plan will enable the gross installed capacity to reach 310 million kilowatts by the turn of the century based on the 166 million kilowatts reached by late 1992, a gain of a quarter of the 240 million kilowatts which was originally set.

Should the gross output value of the national economy grow at a rate of between eight percent and nine percent over the next few years, the consumption of power as a whole would drop at a rate of between eight percent and nine percent. By the turn of the century, China will have basically achieved an alleviation of the strain resulting from a shortage of electricity. By that time, the problem of no supply of power in some counties will have been totally solved.

The ministry will employ business-like patterns to operate in a commercial way with administration in accordance with the law. It will restructure as soon as possible its management mechanism to run like an enterprise with the formation of a modern enterprise system. It will also formulate rules and regulations on electricity and set up a management system for the

power industry by the turn of this century in line with the socialist market economy system with Chinese characteristics.

The installed capacity shows an annual gain of 12 million kilowatts every year since China's power industry reached an installed capacity of 12 million kilowatts for the first time in 1988. The increased installed capacity for this year is expected to be 15 million kilowatts. Based on such figures, the general installed capacity across the country will reach 181 million kilowatts by the end of this year, ranking China fourth in this sector in the world.

Civil Aviation Sector Growth Declines

HK1012112693 Beijing CHINA DAILY in English 9
Dec 93 p 3

[By staff reporter Xie Yicheng: "Aviation Industry Lowers Its Flaps"]

[Text] China's civil aviation sector, which chalked up a dynamic 33-per-cent growth last year, has adopted a "more rational pace" in the second half of this year.

During the first 10 months this year, the civil airlines' total turnover registered an increase of 22 per cent over the same period last year.

The Civil Aviation Administration of China (CAAC) reported that domestic airliners carried 28.58 million people and 572,000 tons of freight and mail in the first 10 months of 1993, up 19.9 per cent and 23 per cent, respectively, over 1992's corresponding period.

The overall turnover growth rate has shown a moderate decline since June, said Li Chunjian, deputy head of CAAC's Planning Department.

He predicted next year's growth rate would further slide to 18 per cent, which experts believe is a more rational pace for the Chinese airline industry.

The airlines reported a year-on-year turnover growth rate of only 12.7 per cent in October, 1993—the lowest so far this year.

"We have seen an obvious drop with regard to plane trips on official affairs or business," Li said.

Official tours overseas at the public expense have also been slashed in the nationwide anti-corruption drive.

In the summer and autumn, the temporary price adjustment to Chinese passengers by an average rise of 20 per cent on leading domestic air routes caused many travelers to shift to the railways where fares are much cheaper.

As market demand relaxed, the average seat occupancy on domestic flights decreased to 76 per cent by October, compared to 88 per cent last October.

The aviation market was so bullish in late 1992 and early this year that five Chinese airlines leased 13 wide-body

jetliners from CIS countries along with foreign crews. The move was to tackle the plane and pilot shortage.

But last week Air China, the national flag carrier, returned two Il-86 jumbos it leased from a Russian airline back to Moscow before the contract expired.

Only seven of the 13 leased planes remain in service, with China Northern and Xinjiang Airlines. They had earlier each returned two planes to their owners.

CAAC forecast that this year's total transport turnover may eventually show an increase of 20 per cent over 1992.

Meanwhile, Chinese carriers will open 35 new domestic lines this winter and next spring, augmenting the number of weekly flights to nearly 6,000, up 15 percent over last year's corresponding period.

Major airlines will also increase the number of flights from interior areas to such coastal cities as Shanghai, Guangzhou, Shenzhen, Shantou, Haikou and Xiamen.

Presently, China has 340 jetliners in commission, with a total 47,300 seats available.

Air China Becomes 'Diversified Conglomerate'

HK1112073093 Beijing CHINA DAILY in English
11 Dec 93 p 3

[By staff reporter Xie Yicheng: "Air China Streamlines as a New Syndicate"]

[Text] Air China, the national flag carrier announced it has become a diversified conglomerate.

The announcement came yesterday after two years of preparation, officials said.

The move was made to boost Air China's efforts to compete in the global market.

The new Air China Group becomes China's third airline syndicate, following China Eastern Air Group and Southern Airlines Group which were set up in October. But it is decidedly the largest organization among the 37 carriers nationwide.

"To establish air groups is one of the profound reforms of China's civil air service," Vice Premier Zou Jiahua told the inauguration ceremony in Beijing.

Terming safe flying as the lifeline and top priority of civil aviation, Zou praised the sense of responsibility among crew commanders and members.

He praised the No 1 flying wing of Air China for keeping up a 38-year safety record, the best among Chinese airlines.

Meanwhile, Zou said there was a need to upgrade service quality and emulate advanced overseas airlines.

"Travelers are our gods, and whether they are satisfied or not is the sole yardstick to measure our aviation work," he said.

"We must do what is possible to secure flight punctuality except if the cause is bad weather," he continued.

Yin Wenlong, Chairman of Air China Group, vowed to modify his enterprise into a modern share-holding conglomerate.

The group, centered around Air China, consists of about 30 close members and 300 loosely-knit firms.

State Property Appraisal System 'Taking Shape'

OW1312040193 Beijing XINHUA in English 0347
GMT 13 Dec 93

[Text] Beijing, December 13 (XINHUA)—As China is making efforts to establish a socialist market economy, a system for appraising state property is taking shape.

Since 1990, when the state administration of state property was set up, over 1,000 institutions throughout the country have been given the right to appraise state property by departments at or above the provincial level. Nearly 20,000 people are now working in this sector.

Now a dozen of types of state-property appraisal are covered, including property sales, Sino-foreign joint ventures, share-holding management, property leasing, enterprise bankruptcy accounting and mortgage guarantee.

So far, over 22,000 enterprises and units have undergone property appraisal. The net value of these enterprises and units was thought to be a mere 230 billion yuan. After appraisal, however, the value was found to be actually 360 billion yuan, an increase of 57 percent.

World Bank Loan 'Helps' Quarantine Service

HK1112073293 Beijing CHINA DAILY in English
11 Dec 93 p 1

[By staff reporter Sun Shangwu: "WB's \$80m Loan Helps Quarantine Service"]

[Text] The government has announced that it is taking steps to update the country's quarantine service in a bid to meet international standards.

The effort is backed by a \$80-million loan from the World Bank. This will help the 18 quarantine customs depots across the country to renovate their services, said Zhang Yanxi, Vice-Minister of Agriculture Ministry, at a national meeting yesterday.

The money will be used in establishing information centers and a central quarantine laboratory to renovate quarantine facilities.

Some personnel working in the quarantine service will be sent abroad to learn management and professional skills

from developed countries, including the United States, Canada, Australia, New Zealand, Japan, and other European countries.

Meanwhile, concerned departments are urged to formulate the implementing regulations on the basis of quarantine law on the importing and exporting of animals and plants.

In the past two years, China has issued at least 24 quarantine rules and regulations, which are believed to safeguard the implementation of the Quarantine Law.

Some specialists and technicians are working to set up an analysis model and procedures for examining animals, plants and insects, according to Liu Shizhen, Director of China's Administration of Animal and Plant Quarantine (CAAPQ).

They are also to revise the name index of dangerous pests and bacteria which are forbidden to be allowed into China.

Operation rules and technical standards for quarantine of foreign-imported products are to be revised to meet international standards.

Liu said CAAPQ will launch the work of registering those foreign firms producing animal products and confirming the foreign quarantine certificates.

This will help define that animal products satisfy sanitary and quarantine standards and curb the dangers of importing bacteria that spread disease.

Local quarantine offices will enjoy more rights in examining and approving the imported animals, plants and their products, according to Liu.

The procedures will be simplified on examination of animals, plants and their products coming into free trade zones.

Chinese quarantine offices in the first 10 months of this year have carried out random checks on 29 million passengers, 1.79 million different sorts of animals, plants and their products, which were valued at 264.6 billion yuan (\$45.6 billion).

In the past two years, quarantine offices at all levels found about 290 kinds of diseases, pests and weeds, which included American termite, Mediterranean fruit flies and Mexican bean weevil.

Bohai Bay Ports Under Expansion

OW1212012393 Beijing XINHUA in English 0046
GMT 12 Dec 93

[Text] Beijing, December 12 (XINHUA)—China is making great efforts to expand the ports along the Bohai gulf to meet the demands of the region's rapidly growing economy.

Expansion of more than 40 ports along the coastline of the gulf is now in full swing. Some of them will be able to handle more than 100 million tons of cargo a year when expansion is finished.

The Dayaowan harbor is now under construction at Dalian port on the Liaodong peninsula in northeast China's Liaoning Province.

By the year 1995 a total of 12 berths will have been built in the port. They are expected to be able to handle 50 million tons of cargo each a year by the year 2000; by then, the port will be able to handle 100 million tons of cargo a year.

With a total investment of 1.7 billion yuan (about 300 million U.S. dollars), Yingkou port, also in Liaoning Province, will be put into operation by 1996 with an annual handling capacity of 27 million tons.

One berth of 10,000 tons and two more of 50,000 tons each will be added to the Qinhuangdao port, the biggest energy-export port in China. By 1997 the handling capacity of the port will reach 100 million tons. It will then be the second-largest in China after Shanghai port.

The Huanghua port in northern China's Hebei Province, which will get about 10 billion yuan in expansion funds, will be built mainly to handle coal.

The Tianjin port is now being expanded, to the tune of 4.7 billion yuan. It will have an annual handling capacity of 60 million tons by the end of this century.

The Qingdao port, one of the biggest natural harbors in China, will have an annual handling capacity of 100 million tons by the end of this century.

The Rizhao port, to get 430 million yuan in expansion funds, will be built in eastern China's Shandong Province to handle cargo in bulk and bulk containers.

China is expected to use overseas investment for the expansion of ports along Bohai Bay, according to an official from the State Planning Commission.

The ports along the bay now handle 40 percent of the cargo in China.

More Cities Expand Telephone Networks

OW1312040293 Beijing XINHUA in English 0347 GMT 13 Dec 93

[Text] Taiyuan, December 13 (XINHUA)—An increasing number of big and medium-sized cities in China now have bigger telephone networks as a result of rapid economic progress nationwide.

Starting Sunday, telephone numbers in nine Chinese cities went up from six to seven figures, the third time in five months that Chinese cities have joined the country's seven-figure group.

The nine cities are the provincial capitals of Taiyuan in Shanxi, Changsa in Hunan, Chengdu in Sichuan, Jinan in Shandong and Xian in Shaanxi, as well as Tianjin municipality, Nanhai and Fushan in Guangdong Province, and Qingdao in Shandong.

In the wake of the country's modernization drive, telecommunications have become an important means of boosting the economy.

Earlier this year another nine cities expanded the capacity of their telephone networks by increasing their telephone numbers from six to seven figures.

Commercial Paper To Become Daily Next Year

OW1112072193 Beijing XINHUA Domestic Service in Chinese 0739 GMT 10 Dec 93

[Text] Beijing, 10 Dec (XINHUA)—To satisfy readers' needs as well as to keep pace with the establishment of a socialist market economic system and the endeavor to open wider to the outside world, GUO JI SHANG BAO [0948 7139 0794 1032], a paper sponsored by the Ministry of Foreign Trade and Economic Cooperation, will be published daily beginning 1 January 1994 instead of four times a week.

GUO JI SHANG BAO was established when China's foreign economic development and trade began to take off. In the past nine years, with an aim to "let China understand the world, let the world understand China, open wider to the outside world, and develop economic and trade cooperation between China and foreign countries," the paper has strived to publicize the principles and policies for opening up to the outside world and for foreign economy and trade, and carried timely reports on various foreign economic and trade undertakings and information, thus making it a very popular paper at home and abroad. Meanwhile, the paper itself has also made significant headway. Instead of publishing two times a week when it was founded, it is now published four times a week—two papers and two magazines. Moreover, the paper's circulation is also increasing every year.

Ideological Work in Foreign Enterprises Viewed

HK1312082493 Beijing RENMIN RIBAO in Chinese 26 Nov 93 p 5

[By Wang Fujia (3769 1381 1367) and Jia Xiaogang (6328 2556 0474): "Embarking on New Road in Carrying Out Ideological and Political Work in Foreign-Invested Enterprises"]

[Text] The Jinbei Automobile Joint-Stock Company Limited is the first largest enterprise group in China implementing the standard joint-stock system. Thanks to the party's policy of reform and opening up, this company has become an advanced unit in the country's economic structural reform. Moreover, the company has stepped outside the country by issuing Jinbei shares in

New York, a world financial center, and joined the transnational companies including America's General Motors, Japan's Honda, and Hong Kong's Huacheng to establish the Jinbei Motors Company Limited and the Jinbei Bus Manufacture Company. How should we establish the position of party organizations and how should we give full play to the role of ideological and political work in Sino-foreign joint enterprises? Our company party committee made useful explorations in this regard and took a new road of ideological and political work which was welcomed by enterprise staff and commended by foreign businessmen.

1. Establish party organizations simultaneously in the course of making preparations for the establishment of joint ventures and ensure the legal position of party organizations and ideological and political work

The establishment of party organizations in foreign-funded enterprises is generally not accepted by foreign businessmen. However, it is determined by China's national conditions that all enterprises must have the guarantee and supportive role of party organizations. To resolve this "international contradiction," the party committee of the Jinbei Company adopted the following two measures: First, they unified and enhanced understanding of establishing party organizations and second, they sought legal grounds for establishing party organizations. Based on seeking unity of thinking, the party committee and the company officials reached a consensus on three points: First, the purpose of establishing party organizations in foreign-funded enterprises is to better implement the party's policy of reform and opening up and ensure the healthy growth of Sino-foreign joint ventures. Second, Sino-foreign joint ventures may enjoy preferential economic policies but they cannot enjoy special "political treatment." It is necessary to follow international practice and also proceed from China's national conditions because the establishment of party organizations suits China's national conditions. Third, the establishment of party organizations is also required for the developing trend in Sino-foreign joint ventures. With the further deepening of reform and opening up, there has been an increasing number of large and medium state enterprises forming joint ventures with foreign partners. These enterprises are large in scale and have many party members. As the task of ideological and political work is arduous, it is necessary to establish party organizations. After seeking unity of thinking, the party committee, taking note of foreign staff attention to respecting China's laws, presented the PRC Constitution, which served as the legal grounds for establishing party organizations. The constitution clearly stipulates that the CPC is the ruling party and that the constitution overrides all laws and provisions. Both sides have reached a consensus on this point. In the Jintong Company set up in cooperation with General Motors, the foreign party agreed to the establishment of a party committee as well as the positions of a party committee secretary and a discipline inspection commission secretary, with 17 full-time cadres engaged in political work.

2. Conduct education in the party's line, principles, and policies of reform and opening among staff members and increase their psychological bearing capacity of joint venture

During the early period of the joint venture, there were great ideological fluctuations among staff members, mainly reflected in the following mentalities: First, blind optimism, believing that joint ventures mean making money and having high expectations and, Second, an antagonistic sentiment. In view of such vague understanding by staff members, the company party committee organized forces to write persuasive articles, publicizing the significance of joint ventures and helping staff members deepen their understanding of the party's principles and policies of reform and opening up. For instance, the Jintong Company ran a newsletter, "The Voice of Staff Members," which promptly and comprehensively answered questions covering 45 fields of mass concern, including medical care, housing reform, labor contracts, post skills, and wages. It also played a positive role in pacifying staff and helping them understand their vital interests after the establishment of the joint venture.

3. Combine the activities of party organizations with the settlement of difficulties in economic work and give full play to the exemplary role of party members

Although the open activities of party organizations was determined through talks between the two parties, the company party committee realized that it would be impossible to increase their reputation and status unless their role of doing practical things in economic work was brought into full play. Reputation and status are gained by doing practical work. For this reason, the company party committee set requirements for the party organizations in two joint ventures: The party organizations should carry out activities focused on serving economic work and should make efforts to win their own status and reputation. The Jintong Company party committee carried out the activities of "party members tackling quality problems," "offering warmth, doing practical things, and promoting production," and "services offered for overfulfillment and better quality." In the activities of "party members tackling quality problems," the party committee implemented a "party member project," listed the problems related to product quality, and individually assigned them to the party branches which were then assigned to party groups and members. Last year, they tackled a total of 65 quality problems. A party branch composed of technicians improved 36 sets of tools within two months and worked out new designs for 18 sets, ensuring product quality. In order to assimilate the imported technology as early as possible, the Jinbei Company invited managerial experts from Japan's Honda to give on-the-spot guidance. The party committee promptly seized the opportunity to organize all-personnel post training. After training, the staff members enhanced their sense of management, upgraded the level of operations, and also strengthened the spirit of being masters of their own affairs.

4. Increase mutual understanding between Chinese and foreign staff and establish good cooperative relations of mutual trust and support

To win the support of the American manager for party committee work, the company party committee realized the necessity of letting him understand the nature of party committee work and its role in enterprise production and operation. He should also be given more information about the party secretary, which would lay a solid foundation for the two sides to work in cooperation. For this reason, the company party committee requested the secretary of the enterprise party committee to have frequent conversation with the manager of the foreign party. The party secretary also had to do the following: First, the party secretary had to introduce the management and customs of the foreign party to the staff members, urge staff members to respect the manager of the foreign party, and do work properly in cooperation with the managerial personnel of the foreign party. Second, the enterprise party committee had to regularly report work at the enterprise operation and management committee meeting. Third, the party committee had to take care of the basic necessities of the managerial personnel of the foreign party, which enabled the managerial personnel to realize the sincerity of the party committee in cooperating with them. Thus, the two sides established a fine working relationship of cooperation and trust. In the two years since the forming of the joint venture, seven company party cadres have been transferred to assume leadership in administrative posts, winning vigorous support from the American manager. The American general manager also told the party secretary about his interest in learning how to do ideological and political work. On the eve of the 1 May Labor Day last year, the party committee wrote an open comfort letter to all staff. The American manager also followed suit. In two months, he wrote 16 open letters to the company staff. In the course of mutual trust and support, the party committee genuinely established its authority. Instead of interfering, the American manager offered time as well as convenience to the activities of party organizations. At the economic management meeting, the American manager also ensured special outlay for the party committee to carry out party activities.

Unifying Foreign Exchange Rates To 'Boost' Economy

HK1212080393 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 12-18 Dec 93 p 1

[By Wang Yong: "New Unified Rate Will Help Boost Exports"]

[Text] The long-awaited convergence of China's two-tier foreign exchange system next year will give new momentum to the country's exports, which have been teetering throughout 1993.

Top government officials agree the official rate of \$1 to 5.8 yuan will have to be adjusted as it no longer reflects the true value of the renminbi.

A uniform market-based rate will be established, but officials will not comment on what the rate will be.

The country's swap market rate of \$1 to 8.7 yuan is now used for 80 percent of the country's hard-currency transactions.

When the rate is standardized, China's State foreign trade companies will no longer be obliged to hand over a large chunk of foreign exchanges to the State at the official rate.

In many cases, the State companies received no compensation for turning over the money.

Officials say next year's landmark reforms will place State foreign trade companies on a par with their domestic rivals, including overseas-funded enterprises, in competition.

The latter are already allowed to retain all their foreign exchange income.

Because of this restricted access to foreign exchange, State companies have been hurt by soaring export costs since the beginning of this year. Their costs have been fueled by a hectic domestic economy that is expected to see 13-percent growth rate in 1993.

Chinese Minister for Foreign Trade and Economic Cooperation Wu Yi says a uniform exchange rate and relaxed controls on State companies are a dream come true for her ministry.

China missed a precious chance to reach the first goal in 1991 when the two rates converged.

"But even if the State suffers from less revenue (as a result) for a while, the reforms must be introduced next year to usher in a fair trading regime," Wu says.

Moreover, China plans to allow the renminbi to be freely convertible, except for some cases involving domestic firms, when it comes to trading under current accounts next year.

She hopes China's exports will grow at least at the same clip as the country's GDP, which is projected to increase by 9 percent next year.

Analysts point out that the reforms may solve China's foreign trade deficit, which is going to be considerable this year.

The nation's trade deficit ballooned to \$7.7 billion in the first 11 months. However, officials have predicted the deficit will be kept under \$9 billion by year-end.

The deficit is the result of lacklustre general trade—compared with a buoyant border trade and booming trade by the country's overseas-funded enterprises.

The general trade—the major resource for State foreign exchange revenue—declined by 6 percent at the beginning of this year. It gained steam by November, as it declined by only about 0.6 percent.

Wu says China may well balance its general trade by the end of this year. "And we hope the exports will get off to a flying start next year."

But analysts point to several difficulties facing China's exports next year.

First, there is a world trend to add political overtones to international economic issues. The United States will probably continue to dog China with the most-favoured-nation (MFN) issue.

Second, regionalism in world trade is gaining momentum.

Third, China may face increased trade skirmishes with some partners like the United States.

Last, China has yet to improve the quality of its export goods, which is essential to surviving in an intensified international market.

Foreign Exchange Reserves Rise 'Moderately'

HK1112073893 Beijing CHINA DAILY in English
11 Dec 93 p 2

[By staff reporter: "Hard Cash Reserves Rise"]

[Text] China's foreign exchange reserves rose moderately during the third quarter of this year, according to statistics released by the People's Bank of China.

By the end of September, foreign exchange reserves amounted to \$19.62 billion, \$177 million more than at the end of last year.

China last year suffered a 10.5 percent drop in foreign exchange reserves. The dip continued during the first half of this year.

But starting in July, reserves began to ride an upsurge with an average monthly increase of \$270 million during the third quarter of this year.

Analysts believe increased reserves will enhance the country's ability to repay its foreign debt which stood at \$69.3 billion at the end of 1992.

According to statistics from the People's Bank of China, the country's gold reserves remained at 12.67 million ounces at the end of September.

Anglo-Dutch Oil Group Signs Accord With PRC

OW1012130793 Beijing XINHUA in English 1237
GMT 10 Dec 93

[Text] Beijing, December 10 (XINHUA)—The international oil giant, Royal Dutch/Shell Group, has entered

into cooperation with China to explore for oil and natural gas in the East China Sea.

Two shell subsidiary companies today signed a contract with China National Offshore Oil Corp (CNOOC) on exploration in the block identified as 26/19.

This was the 10th contract signed by CNOOC and foreign oil producers since the East China Sea was opened for international bidding for exploration rights in June last year.

Under the contract, Shell Exploration (China) and Pecten Orient, each with a 50 percent interest, will carry out seismic surveying and exploration drilling over the next seven years in the contract block 250 kilometers east of Wenzhou, a coastal city in Zhejiang Province.

The block, averaging 70 to 90 meters in water depth, covers an area of 3,700 square kilometers. The two companies will solely bear the risks of exploration.

The contract was signed by CNOOC president Wang Yan, John Kilroe, chairman of Shell companies in China and Hong Kong, and Doug Beckmann, president of Pecten International Company, a Texas-based subsidiary of Shell Oil Company.

Shell has been cooperating with China over the past ten years in exploring for oil and natural gas in the country, particularly in the South China Sea.

According to a release from Shell, it worked with the American company Exxon to strike five deals with CNOOC, resulting in the acquisition of over 15,000 kilometers of seismic lines and the drilling of 17 exploration wells with the discovery of the Wenchang field, located in the South China Sea, which is currently being evaluated.

Pecten drilled 18 offshore wells with Anadarko and Phillips in four contract areas. Its exploration with Phillips Petroleum led to the discovery of Xijiang 24-3 and Xijiang 30-2 oil fields, which are undergoing development.

In addition, Shell also started cooperation with China in onshore exploration early this year. "We see a long-term role for Shell/Pecten in exploration and production in China," said Peter Burri, Shell's exploration and production director for China.

Bohai Bay 'Mecca' of Foreign Investment in North

OW1112110093 Beijing XINHUA in English 0838
GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—While the Pearl River Delta is booming in the south, Bohai Bay has risen as the mecca of foreign investors in north China.

Starting from the southern tip of Liaoning, the bay stretches 5,000 kilometers to the Shandong peninsula.

Around it stand seven economic development zones, where preferential treatment is given in taxation and investment.

Five—Dalian, Qinhuangdao, Tianjin, Yantai and Qingdao—were among the first 14 approved by the government in 1984. Last year Yingkou and Weihai were added to the list.

Tianjin, Dalian and Yantai have taken the lead in attracting foreign funds, according to a survey by the State Council.

With an area of 9 square kilometers, Tianjin Development Zone has channeled foreign capital worth 3 billion U.S. dollars. More than 1,500 foreign-funded projects have gained approval.

Twenty transnational corporations have poured money in here, making up 30 per cent of the aggregate total in the zone. The average investment is 30 million U.S. dollars for each project.

In Tianjin Development Zone, four out of five enterprises in operation are making profits. Last year foreign investors pumped 2 more million U.S. dollars into these money-spinners.

The Dalian zone has expanded from the original 5 square kilometers to the present 24. Nearly 750 enterprises have been built, with a total foreign investment of 3.64 billion U.S. dollars.

Big companies, such as Toshiba, Canon and Sanyo from Japan, total petroleum from France and Pfizer International Inc. from America, are all investors in Dalian.

Meanwhile, industrial parks have sprung up in the development zones around Bohai Bay. International consortiums from Germany, Japan and the Republic of Korea have ventured into Tianjin and Dalian.

Besides manufacturing, the main industries in these development zones are finance, trade, science and research, real estate and information.

The total industrial output value is expected to exceed 10 billion yuan (1.7 billion U.S. dollars) this year.

Leaders Discuss Grain Production, Circulation

Wen Jiabao Urges Reserve System

OW1112160493 Beijing XINHUA in English 1429
GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—Wen Jiabao, a senior leader of the Communist Party of China (CPC), has called for efforts to promote grain production and circulation in the current new period by introducing a grain reserve system nationwide.

On December 8, Wen, an alternate member of the Political Bureau of the CPC Central Committee, inspected a number of grain warehouses and grain stores in Beijing's suburbs.

"Grain is essential to the national economy, people's livelihood and social stability," he told local officials and workers.

Therefore, closer attention must be paid to grain production and circulation in the course of creating a socialist market economy, said Wen, who is also a member of the Secretariat of the party central committee.

"With grain prices and operations decontrolled, we must redouble our efforts to streamline grain production and circulation, rather than relax our efforts," he said.

He also stressed the importance of studying and solving new problems that have cropped up in grain production and circulation in order to make sure that China's grain production keeps growing, and that its grain market remains stable and thriving.

The deepening of the reform of the grain marketing structure involves two aspects, he said.

On the one hand, it is necessary to decontrol grain prices and operations. On the other, the state must enhance macro-economic controls over grain production and marketing.

The most urgent task at present is to establish and improve a grain reserve and regulatory system throughout the country, set up funds to cover risks in grain production and introduce a new system under which the state purchases grain from farmers at "protective prices" that keep purchasing prices above production costs.

Wen Jiabao also called for efforts to push forward in a positive and proper manner the reform of the grain purchasing and sales structure so as to stimulate grain production, enliven and stabilize the grain market, and increase farmers' incomes.

State-owned grain enterprises must play a leading role in that reform, he said. They must step up enterprise restructuring, transform their operational mechanism and improve services so as to bring into full play their due role of ensuring grain supply and stabilizing grain prices, he added.

Chen Junsheng on Increase in Output

OW1212020093 Beijing XINHUA in English 0114
GMT 12 Dec 93

[Text] Beijing, December 12 (XINHUA)—China's total grain output rose slightly this year, despite heavy losses due to natural disasters, according to a senior official.

Speaking at a national tele-conference on the state purchase of grain and oil and the stabilization of the grain market, State Councillor Chen Junsheng, made this remark.

Chen said that the situation was good, because the pace of grain purchases has been quickened, the government grain reserves were ample and the work of grain processing and transporting was also progressing smoothly.

He noted that the de-control of grain prices had invigorated the market and brought the farmers' initiative for grain-growing into full play.

Thanks to steps of macro economic control, he said, the amount of grain buying and selling was kept in balance and the market demands were met, as the government's special grain stocks have been increased for the past several years.

Chen also urged grain departments at all levels to make every effort to enhance the guidance of, and control over, the grain market.

Grain purchase bodies should be strengthened, not weakened, he stressed, adding that the purchase targets must be achieved.

The local governments were called on to pay close attention to the management of the grain and oil markets.

Rural Enterprises' Profits Increase

*OW1312093293 Beijing XINHUA in English 0745
GMT 13 Dec 93*

[Text] Beijing, December 13 (XINHUA)—China's 20 million rural enterprises earned a total profit of 230 billion yuan (about 39.6 billion U.S. dollars) during the first 11 months this year, up 44 percent over the same period last year.

Qi Jingfa, director of the Rural Enterprise Administration Department under the Ministry of Agriculture, said today that the total revenue produced by rural firms reached 2,100 billion yuan (362 billion U.S. dollars) during the period, an increase of 55 percent over the same period last year.

The output value of exported goods manufactured by rural firms during the 11 months totaled 170 billion yuan (29.3 billion U.S. dollars), about 63 percent more than in the corresponding period last year, said the official.

The director said the scale of rural firms and total investment continued to grow, adding that the number of rural firms whose gross output value exceeded 100 million yuan (17 million U.S. dollars) increased from last year's 256 to 300 by the end of November.

In addition, ownership and management reforms are progressing across the country, with 10 percent of the 20 million rural firms introducing the share-holding and cooperative systems.

The director said that "mergers, auctions, transfers of ownership, and filing for bankruptcy have been introduced on a trial basis among China's rural firms."

It is estimated that rural firms hired an additional 6 million rural laborers this year, increasing the total number of rural firm employees to 112 million.

"Rural firms in China provided an estimated 29 billion yuan (5 billion U.S. dollars) for rural construction and 13 billion yuan (2.24 billion U.S. dollars) for agricultural production this year, or 50 percent and 20 percent over the previous year," said the director.

The rural enterprise sector has been growing at 30-50 percent each year since 1980.

Statistics show that rural firms accounted for 31 percent of China's gross national product (GNP) in 1992, becoming the fast growing sector of the country's economy.

Both the Chinese Government and local officials have adopted measures in recent years encouraging the development of rural enterprises. The policy was designed by the government to promote rural development, improve farmers' income and absorb the huge number of surplus rural laborers.

Surplus rural laborers in China now number about 100 million, a figure expected to double by the year 2000.

In order to narrow the gap between China's booming coastal regions and the developing middle and western regions, the Chinese Government decided last February to boost the development of rural firms in the less developed areas.

In 1992, the Chinese Government increased its annual loans to rural firms in the middle and western regions by 5 billion yuan (862 million U.S. dollars).

Last September, the government decided to provide an additional 5 billion yuan loan each year beginning in 1994 to support the region's rural firms.

East Region

Fujian's Overseas-Funded Firms' Exports Increase

OW1112053793 Beijing XINHUA in English 0341
GMT 11 Dec 93

[Text] Fuzhou, December 11 (XINHUA)—The exports of overseas-funded enterprises in east China's Fujian Province have surpassed those of foreign trade departments for the first time this year.

According to the provincial committee of foreign relations and trade, these enterprises exported 2.613 billion U.S. dollars worth in the first 11 months of this year, accounting for 52.52 percent of the total exports of the province.

A key ancestral home for overseas Chinese, Fujian was one of China's first provinces to open to the outside world.

While improving investment conditions, the province has worked out a package of preferential policies to attract foreign capital.

So far the province has approved some 12,600 overseas-funded enterprises, of which 5,300 have gone into operation.

The province has absorbed contractual investment totaling 21.304 billion U.S. dollars. Actual investment has amounted to 5.458 billion U.S. dollars.

The establishment of more overseas-funded enterprises has boosted the province's exports, said a provincial official in charge of foreign trade.

He noted that Fujian is creating better investment conditions to encourage overseas-funded enterprises to export more.

Jiangsu Law Enforcement Inspection Regulations

OW1112221493 Nanjing XINHUA RIBAO in Chinese
6 Nov 93 p 6

["Regulations of the Standing Committee of the Jiangsu Provincial People's Congress on Strengthening the Inspection and Supervision of the Implementation of Laws and Statutes, adopted by the fourth meeting of the Standing Committee of the Eighth Jiangsu Provincial People's Congress on 30 October 1993"]

[Text] To maintain the dignity of law and ensure the implementation of laws and statutes in our province, these Regulations concerning the inspection and supervision of the implementation of laws and statutes (hereafter referred to as law enforcement inspection) are hereby enacted, in accordance with Article 99 of the Constitution, Article 39 of the Organization Law of Local Governments, and Some Regulations Adopted by the National People's Congress Standing Committee

Concerning Strengthening the Inspection and Supervision of the Implementation of Laws and Statutes as well as with practical experiences summed up in recent years:

1. The provincial people's congress standing committee and its working committees entrusted by the chairmanship meeting conduct inspection and supervision of the implementation of the state's laws, resolutions and decisions concerning legal issues, and administrative laws and regulations as well as the province's local laws and regulations. It is necessary to center around the major issues of reform, opening up, and the socialist modernization drive and determine the main points for law enforcement in a particular period.

2. The law enforcement inspection conducted by the provincial people's congress standing committee and its working committees entrusted by the chairmanship meeting mainly includes checking and supervising the law enforcement work of the organizations that are in charge of the implementation of laws and statutes, supervising and urging provincial people's government and departments under it, provincial higher people's court, and the provincial people's procuratorate to resolve in a timely fashion problems existing in the implementation of laws and statutes. The law enforcement inspection groups shall not directly become involved in handling problems.

3. Law enforcement inspection shall be conducted in a planned way. Law enforcement inspection plans shall include the inspection contents, inspection organizations, and inspection time and requirements. The provincial people's congress standing committee's law enforcement inspection plan shall be drawn up by the office of the standing committee within one month after the conclusion of the congress each year. The plan shall be submitted to the chairmanship meeting for approval. The law enforcement inspection plan of the standing committee's various working committees shall also be drawn up in accordance with the requirements of the chairmanship meeting within one month after the conclusion of the congress each year. The plan shall be coordinated by the secretary general of the provincial people's congress standing committee and submitted to the chairmanship meeting for approval. If the law enforcement inspection plans of the provincial people's congress standing committee and its working committees need to be adjusted, such adjustment shall be discussed and decided by the chairmanship meeting. The office of the standing committee shall notify the provincial people's government, departments concerned under the provincial people's government, provincial higher people's court, provincial people's procuratorate, as well as relevant standing committees of various city people's congresses of such law enforcement inspection plans by the provincial people's congress standing committee and its working committees. Such plans shall be printed and circulated at standing committee meetings.

4. Law enforcement inspection groups shall be organized in accordance with the principle of having few but

capable people and being efficient and performing the job easily. The law enforcement inspection group of the provincial people's standing committee is made up of a leader, one or two deputy leaders, and some members. They shall be selected by the chairmanship meeting from component personnel of the standing committee. The inspection group can be divided into several subgroups, each staffed with the necessary working personnel. Each working committee's law enforcement inspection group shall be formed by the committee itself. The law enforcement inspection groups of the standing committee and each working committee can invite deputies of the provincial people's congress and relevant experts to participate in the work. They can also invite relevant responsible persons of organizations in charge of the implementation of laws and statutes, the government's legal organizations, and the standing committees of cities, counties (districts) to participate in the work.

5. Members and working personnel of the law enforcement inspection groups shall be familiar with and have a good knowledge of the relevant laws, statutes, and policies. They shall collect materials concerning the implementation of the laws and statutes and hear briefings by organizations in charge of the implementation of laws and statutes.

6. Law enforcement inspection groups shall go down to grass-roots units, go deep into the reality of life, and immerse themselves among the people. They shall try, by adopting various forms such as hearing briefings, holding discussion meetings, and conducting individual interviews, sample investigations, and field inspections, to understand and keep themselves informed of how laws and statutes are truly implemented. They shall also study the problems that exist in the implementation of laws and statutes. Departments concerned and localities shall support the work of law enforcement inspection groups and provide real information and other necessary assistance.

7. After concluding an inspection, law enforcement inspection groups shall, under the direction of their leaders, file an inspection report. Such a report should include the following content: overall inspection evaluation of the implementation of laws and statutes, problems existing in the implementation of laws and statutes as well as the analysis of their reasons, suggestions concerning the improvement of law enforcement, and suggestions on the amendment, supplementation, and explanations of laws and statutes themselves. The report should objectively reflect the true situation and not avoid problems.

8. As for the law enforcement inspection report filed by the law enforcement group of the provincial people's congress standing committee, the chairmanship meeting shall ask the standing committee to decide whether or not to include it on the agenda of the standing committee. As for the law enforcement inspection reports filed by the law enforcement inspection groups formed by the standing committee's working committees, the

chairmanship meeting shall decide whether or not to ask the standing committee to include them on the agenda of the standing committee. Such reports, if included on the agenda, shall be briefed by the leaders of the law enforcement inspection groups to the plenary session of the standing committee and shall be examined at the group meetings and plenary meetings. Responsible persons of organizations in charge of the implementation of laws and statutes shall attend such meetings to hear opinions and answer questions. Component members of the standing committee may interpellate responsible leaders of inspection groups regarding important issues existing in the implementation of laws and statutes. When necessary, the standing committee can make relevant resolutions.

9. As for the law enforcement inspection report which has been examined by the provincial people's congress standing committee, as well as its examination opinions, the chairmanship meeting shall turn it, in written form, over to organizations in charge of the implementation of laws and statutes. Organizations concerned shall conscientiously improve their law enforcement work and report, in written form, to the standing committee within six months on the improvement measures taken and the results achieved. When necessary, the chairmanship meeting shall ask the standing committee to include the report on its agenda for examination. As for the law enforcement inspection reports filed by various working committees which are not included on the agenda of the standing committee, the chairmanship meeting shall decide whether or not to turn them over to organizations in charge of the implementation of laws and statutes or print and circulate them for reference at meetings of the standing committee. The standing committee's working committee, entrusted by the chairmanship meeting, shall conduct inspections on the improvement of law enforcement carried out by relevant organizations and submit reports to the chairmanship meeting, which shall decide whether or not to submit them to the standing committee for examination.

10. As for major typical law violation cases discovered during the course of law enforcement inspection, the chairmanship meeting can turn them over to various functioning organs of the standing committee for investigation. The results of investigation shall be submitted to the chairmanship meeting, which, depending on the circumstances, may ask the organizations concerned to handle the cases within a specified period of time. The organizations concerned shall promptly report the results of handling the cases. When necessary, the chairmanship meeting may submit the results to the standing committee for examination. To investigate particularly major typical law violation cases, the standing committee can organize, in accordance with law, special investigation committees. The standing committee shall not directly handle concrete cases. Such cases shall be handled by organizations in charge of the implementation of laws and statutes in strict accordance with legal procedures.

11. News media should give publicity to and report in a timely fashion the law enforcement inspection activities conducted by the provincial people's congress standing committee. The general office of the provincial people's congress standing committee can hold news briefings on law enforcement inspections. Major typical law violation cases discovered during the course of law enforcement inspection as well as the results of their handling can be made public.

12. Standing committees of people's congresses of all cities and counties (cities and districts) also can make corresponding decisions, in accordance with these regulations, to improve and strengthen the work of checking and supervising law enforcement.

Shanghai Party Cadres Warned About Conduct

HK1312060093 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 13 Dec 93 p 2

[“Beijing Briefing” column by Geoffrey Crothall]

[Text] China's long-running campaign against corruption is taking all the fun out of being a Communist Party official.

In the free-wheeling eastern metropolis of Shanghai, the party has laid down behavior guidelines so strict that cadres are being forced to stay in their offices all day and drink tea for fear that any extra-curricular activities might be deemed beyond the bounds of acceptable conduct. Shanghai's squeaky clean party boss, Wu Bangguo, has issued a list of “five don'ts” to which party officials must adhere with iron discipline or face the consequences.

The order states: “Thou shalt not seek monetary gain, thou shalt not accept bribes, thou shalt not become drunk, thou shalt not gamble, and thou shalt not lust after women (nor men for that matter).”

What's more, cadres are not only required to be responsible for their own actions, but for those of their employees and family members as well. Cadres must lead by example, Mr Wu has reportedly said, and be a beacon of morality for the rest of society to follow.

However, there is concern in the municipal party that if these rules are enforced, cadres will devote all their energies to being good, and nothing will get done. Unpleasant as it might be to acknowledge, corruption—or the cultivation of friendships, if you prefer—has been the oil that has kept the wheels of business and government administration turning.

For example, a former vice mayor of Shanghai allegedly had an arrangement with one of the city's luxury hotels, whereby he could use the facilities to entertain his girlfriends in return for helping sort out problems that the hotel encountered with the city's labyrinthian bureaucracy. It was an arrangement which would have

violated at least two of Mr Wu's five don'ts but it worked to both parties' benefit and in Shanghai's increasingly cynical social environment, no one batted an eyelid.

Of course cadres involved in fraud, embezzlement and graft should be rooted out but cracking down on relatively minor infractions of the moral code could end up doing more harm than good.

Hong Kong businessmen in particular would be distinctly inconvenienced if their friends in the government stopped doing them favours for fear of overstepping the bounds of moral acceptability. The ethics guidelines are a throwback to the early days of the revolution, when cadres were supposed to be as pure as the driven snow and selflessly serve the people and the revolution. It is somewhat akin to the movement in the United States to bring back “family values,” a nostalgic attempt to rekindle a mythical age when everything was perfect and society was not plagued by all the unpleasantness of today.

But in both China and the U.S., society has moved on too far to resurrect the golden decade of the 1950's. A more realistic approach would be to look at the problems affecting society and adopt appropriate measures to combat them.

In the case of official corruption in China, the provincial governor of Sichuan, Xiao Yang, has been a pioneer in this more practical approach to problem solving. Rather than state that his officials should not seek monetary gain, Mr Xiao has stipulated that they should not buy or sell shares, accept employment even in an advisory capacity from other companies or enterprises, or accept “donations” from private companies. The measures are designed to keep cadres' minds on the job of running China's most populous province and free them from the undue influence of vested interest groups. Moreover, Mr Xiao has moved to crack down on corruption outside the party, particularly in the province's feverish secondary shares market, to further remove temptation from his own officials.

Sichuan still has a long way to go in tackling corruption but it is more likely to be successful than Shanghai, which seems to be more concerned with cracking down on immoral behavior than with getting to the root of the problem.

Shanghai To ‘Pioneer’ Economic Reforms

HK1112030093 Hong Kong SOUTH CHINA MORNING POST in English 11 Dec 93 p 9

[Report by John Kohut in Shanghai]

[Text] The Communist Party's recent plenum allowed Shanghai to proceed with a broad range of new economic reforms and left the city with much more revenue for public works programmes, according to the city's Deputy Mayor, Xu Kuangdi. After last month's plenum, “we have a rough picture of the whole socialist market

system", Mr Xu said. Shanghai planned "to be a pioneer in transferring from a central planning system to a social market economy system."

Among other things, the city, already the seat of one of the country's two stock markets, is planning new commodity exchanges as part of an effort to replace the discredited central planning distribution system. "Maybe in the near future we will have a gold exchange market, and raw materials, like metal goods exchanges, and industrial goods, such as automobile exchanges, instead of the government distribution system," Mr Xu said.

He said the city would also continue to sell off parts of government-run enterprises both to Chinese and foreign investors. At this point the targets of such sales "are not very clear," said the Deputy Mayor. Except for the areas of telecommunications, oil and natural gas, transport and some military industries, Mr Xu said there would be no fixed minimum below which the Government's stake in enterprises would not be allowed to fall. By selling off state assets, the Government would be able to raise money for developing hi-tech industries. Thus, in absolute terms, government involvement in industry could increase although, in proportionate terms, it would lose ground to the burgeoning private, collective and joint-venture sectors.

Mr Xu said the Government's goal was to rebuild and restructure the economy, rather than to retreat from the market. "Total [government] assets won't change, or maybe they will increase a bit, but the proportion will change," he said. The city is anxious to sell off a number of smaller enterprises, particularly in the retail area. Last year, this was done on an experimental basis in the suburbs, with great results, Mr Xu said. The sale of government run retail outlets would start on a large scale next year, Mr Xu said.

He said the new, Western-style tax system just agreed upon—which would do away with the contract responsibility system under which local governments and enterprises negotiate their tax packages with the central Government—worked to Shanghai's advantage.

Shanghai contributed nearly 90 percent of its tax revenue to the central Government during the early 1980s. That figure was gradually brought down to around 67 percent. Under the new system, the city will hand over 60 percent. "It's good news for Shanghai," said Mr Xu. He said the extra revenue would be used to finance infrastructure.

The city would finish off 10 major projects—including the first stage of the new underground railway, a ring road, two bridges across the Huangpu River, a deep water harbour, and an electric power plant and gas plant in the new Pudong development zone—and start a new set of 10 public works worth about U.S.\$6 billion (about HK\$46.33 billion). All projects would be completed by 1997, except for the airport, which would be ready in the year 2000, Mr Xu said. The city would pay about 40 per

cent of costs of the infrastructure projects from its coffers, raise 20 percent through bond and share issues, and hoped to get the rest from foreign banks and investment funds.

Mr Xu said he expected Shanghai's economy to expand by 12 percent next year compared with 15 percent estimated for this year. The central government had set a target of slowing growth down to nine per cent next year, but Mr Xu said real growth was more likely to be 10 percent or 11 percent. Economic expansion for 1993 is expected to be about 13 percent.

Inflation, the Deputy Mayor admitted, was high. But he felt that as long as living standards rose in real terms, it was not a major problem. In Shanghai, inflation is running at 17 percent, but people's incomes on average have risen more than 30 percent. "People enjoy life; they don't care about 17 percent inflation," he said.

Shanghai Changes Ownership Structure

HK1112050293 Beijing ZHONGGUO XINWEN SHE
in English 0310 GMT 11 Dec 93

[Text] Shanghai, December 11 (CNS)—According to recent statistics, Shanghai, as an economically developed area and a central city for the economy in the country's eastern region, has undergone a great changes in its ownership structure in the past 15 years of reform and opening to the outside world.

The ratio of public ownership to other forms of ownership in the city's gross national product (GNP) dropped from 85.9 percent in 1980 to 62.2 percent in 1992, while that of collective ownership increased from 12.4 percent to 19.6 percent and that of other economic components was up from 1.7 percent to 18.2 percent. Though the public ownership economy still made up the major part of the economy, other economic components were growing rapidly.

As for employment in the city, the ratio of staff and workers in the city to the city's total work force increased from 60.7 percent in 1978 to 85.9 percent in 1992, with staff and workers in state-owned economic units up from 48.3 percent to 51.1 percent, those in collectively-owned entities up from 12.4 percent in 1978 to 12.6 percent in 1992, those in other economic units from 0.5 percent in 1984 to 2.2 percent in 1992 and individual labourers in urban areas up from 0.1 percent in 1984 to 0.8 percent in 1992.

Central-South Region

Guangdong Announces Economic Reforms

HK1312124693 Guangzhou Guangdong People's Radio
Network in Mandarin 0400 GMT 9 Dec 93

[Text] The relevant departments of Guangzhou City yesterday announced that the State Commission for

Restructuring Economy on 4 December officially designated Guangzhou as one of the cities to experiment with comprehensive and coordinated reforms.

According to a plan formulated by the Guangzhou City Government, Guangzhou's comprehensive reforms primarily seek to attain the following goals:

To basically build a market-oriented economy and a modern market system over the next five years from 1994 through 1998;

To become the first city with a new socialist market structure over the next five years;

To quadruple, on the basis of the 1980 figure, the city's domestic gross national product by the end of this century;

To basically realize modernization by the year 2005;

To lay a solid foundation for becoming an international metropolis in the future.

Guangzhou is expected, by virtue of the above-mentioned comprehensive reforms, to build an open, comprehensive, highly efficient, and competitive market structure, to build a modern enterprise system, to build a social security system for all members of society; to transform government functions, to conclude institutional reform, to establish economic relations with a legal basis, and to build a city-wide opening up structure which is organically linked with the international market.

Guangdong Income Taxes Highest in Nation

HK1112030493 Beijing ZHONGGUO XINWEN SHE in Chinese 1350 GMT 8 Dec 93

[By reporter Zhang Chuanxi (1728 0278 3556)]

[Text] Guangzhou, 8 Dec (ZHONGGUO XINWEN SHE)—An official of the Guangdong provincial tax bureau revealed here today that the individual income regulatory taxes collected in the province in the first 10 months of this year amounted to some 240 million yuan, accounting for one fourth of the national total. This figure indicates that Guangdong Province's individual income level has a prominent position in the whole country.

According to the existing tax regulations, expatriate employees of foreign-funded enterprises earning a monthly income of 800 yuan and above are required to pay individual income tax, and residents of the territory of China earning 400 yuan and above per month are required to pay individual income regulatory tax.

This official of the Guangdong provincial tax bureau told our staff reporter: Since the collection of individual income regulatory tax began in 1986, the province's tax revenue in this category has increased by the year in pace with its economic growth. In 1992, 170 million yuan of

the approximately 800 million yuan of national individual income regulatory tax revenue came from Guangdong.

This official said: The new "Individual Income Tax Law," which is to enter into force in January 1994, stipulates that the starting taxable income for residents will be 800 yuan per month and the tax rate will be lowered. However, because the amended tax law contains some additional tax items, such as "income resultant from property transfer" and "occasional income," and these new items are more closely connected with Guangdong residents, the province's tax revenue is expected to show a greater increase in the future.

This official cited an example. Recently, a resident of Guangzhou won the "Mark Six" [a lottery run in Guangzhou] and took the first prize of more than 4 million yuan. This income is not taxable at the moment, but if it happens next year, it would be taxable, because it belongs to the new item called "occasional income" for which the tax rate is 20 percent. In addition, the daily securities transaction volume in Guangdong is quite high. Individual income from "stock speculations" will also be taxable in the future by the new law.

Guangzhou To Improve Customs Supervision

OW1312062893 Beijing XINHUA in English 0610 GMT 13 Dec 93

[Text] Guangzhou, December 13 (XINHUA)—The customs in this capital of south China's Guangdong Province, will adopt a novel measure to further simplify export procedures from January 1, 1994.

According to new regulations, businesses registered in the customs-administration area will be graded at three levels. And the well-run ones will enjoy priority in customs clearance.

Enterprises in the first grade will be those which always strictly abide by the customs regulations, have sound accounting and good management, and are untainted by tax evasion or other illegal practices.

These businesses will be able to enjoy preferential treatment in many areas, such as customs declaration and tax. With customs permission, they will have control over their own bonded items, which will still be checked regularly by the customs.

On the other hand, the customs will put enterprises in the lowest grade under close supervision, including strict examination of goods they import or export, and necessary cash deposits for projects in the processing and trade sectors.

From January to October this year the customs-administration area, covering one third of the province's total, collected 1.755 billion yuan in tolls on 6.67 million tons of cargo.

Guangdong Journalists Call For Rights

HK1312104593 Hong Kong LIEN HO PAO in Chinese
10 Dec 93 p 10

[Report: "Subjected to Frequent Attacks Because of Their Reports, Reporters Call For Legislation To Protect Their Rights and Interests"]

[Text] Guangzhou, 9 Dec (LIEN HO PO)—Reporters from several major news organs in Guangdong attended a meeting today and enumerated all kinds of obstructions and blows which they encountered in the course of critical reporting. They urged the relevant departments to draw up a "press law" to protect reporters' just rights and interests so that the media could play its normal supervisory role. Lin Mingsen, chairman of the Law Committee of the Guangdong Provincial People's Congress, listened to the reporters' remarks and said that he would fully support the legislation of the first local "press law."

Judges from the provincial and city courts and reporters attended the "dialogue meeting" held here this morning. They stated their own views on the question of "media supervision and news disputes."

The reporters who attended the meeting agreed on the difficulty involved in pursuing critical reporting.

In recent years, more and more reporters in Guangdong have been sued for their critical reports. Hu Xuexian, the presiding judge of the Guangzhou City Intermediate Court's civil court, said today that, of the 56 lawsuits about the infringement of peoples' reputations accepted and heard by the Guangzhou District Court since 1988, the defendants in 11 cases were news and publishing units.

Many reporters poured out grievances against their constant involvement in endless lawsuits.

A reporter from GUANGZHOU RIBAO was sued because he published a critical report about a doctor who arbitrarily wrote out prescriptions, and he was puzzled by length of the lawsuit, which took six years. He said at today's meeting, "Altogether, there were two rounds of trials. To say that I was really tired after appearing in court seven or eight times would be an understatement." He added, "Now I have won the case but do not feel that I was the winner. The only thing I have is a wry smile." He urged the relevant departments to try every possible means to prevent people from abusing their right of appeal.

Last June, a reporter from Guangdong Television was besieged, scolded, and illegally detained in the northern suburbs of Guangzhou for more than five hours because of his critical reports. He said, "Today we face too many obstacles in fulfilling our press supervisory role." He hoped that the people's congress could finish the "legislation" to protect journalists as quickly as possible.

This year there has been a rapidly increase trend in known cases of detained reporters in Guangdong. Following the detention of the provincial television reporter, reporters from GUANGDONG SHANGBAO, NANFANG RIBAO, and Beijing's MINZHU YU FAZHI [Democracy and the Legal System] were also detained in succession. The longest detention time was seven hours.

Lin Mingsen, chairman of the Law Committee of the Guangdong Provincial People's Congress, said that the meeting was very useful for the provincial people's congress' legislative purposes. He said: Guangdong should also take the initiative in legislation for the press. Before the introduction of the "press law," Guangdong can draw up a local set of laws and regulations in accordance with its situation.

Shenzhen, Hong Kong To Jointly Publish Paper

HK0912092093 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1110 GMT 26 Nov 93

[By reporter Wang Min (3769 2549)]

[Text] Shenzhen, 26 Nov (ZHONGGUO TONGXUN SHE)—New China's first Chinese-foreign jointly funded newspaper is soon to be launched in Shenzhen. This reporter obtained this information at today's contract-signing ceremony between Shenzhen Press and Publication Center and Hong Kong Sing Tao [xing dao 2502 1497] (China) Limited for the founding of Shengang Newspapers Limited [shen gang bao ye you xian gong si 3234 3263 1032 2814 2589 7098 0361 0674].

Shenzhen Press and Publication Center and Hong Kong Sing Tao (China) Limited reached an agreement the other day on the founding of Shengang Newspapers Limited. The contract-signing ceremony was held in Shenzhen today. The aim of the company is to promote exchange and cooperation between the press and publication circles in Shenzhen and Hong Kong. It will produce the Chinese mainland's first Chinese-foreign jointly funded paper, SHENGANG JINGJI SHIBAO [SHENZHEN-HONG KONG ECONOMIC TIMES], in nearly 50 years. This paper will aim to "strike root in Shenzhen and Hong Kong and link China with the outside world." It will mainly cover economic, scientific and technological, monetary, stock, real estate, and tourist news in Shenzhen, Hong Kong, and the rest of mainland China, as a big source of economic and scientific and technological information for readers in Shenzhen and Hong Kong as well as overseas Chinese. SHENGANG JINGJI SHIBAO will come in two editions, the Shenzhen edition and the Hong Kong edition, edited and published in Shenzhen and Hong Kong respectively. Pilot issues will be launched first. When conditions are ripe and approval from the state department in charge has been obtained, SHENGANG JINGJI SHIBAO will officially start publication. SHENGANG JINGJI SHIBAO will be distributed in Shenzhen and Hong Kong, as well as overseas Chinese communities.

Hubei Industrial Output Value 'Up' Through Nov

HK1112030693 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 8 Dec 93

[Text] Thanks to a nationwide economic boom, Hubei's industrial production registered steady growth and brisk sales in November.

The province's total industrial output value rose to 12.1 billion yuan, up 9.8 percent over the same period last year. The province's large and medium-sized state-owned enterprises recorded sustained growth with their newly added output value rising to 530 million yuan, or 48.3 percent of the province's total.

Moreover, the province's sales volume recorded a 12.8 percent increase over the corresponding period last year, while its production-marketing ratio rose to 98.1 percent, setting a record for this year.

By the end of November, the province's cumulative industrial output value had shown an 18.2 percent increase.

Hunan Strengthens Foreign Cooperation

OW1212034693 Beijing XINHUA in English 0304 GMT 12 Dec 93

[Text] Changsha, December 12 (XINHUA)—Central China's Hunan Province, where Mao Zedong was born, has made painstaking efforts to strengthen cooperation with foreign countries over the past 10 years and has benefited enormously from such efforts.

So far, the province has established scientific cooperation and exchange relations with official or non-governmental organizations from 60 countries and regions and has signed 75 agreements of scientific cooperation with overseas organizations or companies.

Hunan's scientific and technological workers number about 450,000. Over more than four decades, they have produced more than 20,000 sophisticated scientific achievements, 300 of which are believed to lead the world or have reached international standards.

This central Chinese province is most famous for its research in hybrid rice, genetic engineering, and the development of the "Yinhe" super computer.

The province also invites more than 400 foreign experts, scholars and scientific workers of various fields each year, to carry out investigations, give technical guidance or negotiate joint projects.

Last year, the province imported 59 technological items from foreign countries, with the volume of business estimated at 65 million U.S. dollars. It also exported 65 items of sophisticated techniques, with the volume of business set at 96 million U.S. dollars.

Hunan Province Reports 'Record' Harvest

OW1112160593 Beijing XINHUA in English 1437 GMT 11 Dec 93

[Text] Changsha, December 11 (XINHUA)—Central China's Hunan Province has reported a record per-unit output of late rice and an increase in the production of beans and sweet potatoes this year.

Figures released by the provincial statistics bureau show that Hunan's average production of late rice per ha reached 46,200 kg, a rise of 210 kg over last year, the second-highest level ever.

Though its late rice crop was some 82,000 ha less than last year's, the rise in per-unit production has helped to maintain the total yield at 12.478 billion kg, only 114.5 million kg less than last year's figure, agriculture officials said.

The province also saw good harvests of sweet potatoes and beans—estimated at 1.02 million tons and 295,000 tons, respectively. These figures are rises of 180,000 tons and 53,000 tons, respectively, over last year.

Despite serious natural calamities, the statistics department estimated that the province's total grain production would reach 25.9 billion kg this year, a three-percent slide compared with last year's harvest.

Hunan To 'Accelerate' Rural Industrialization

OW1112105993 Beijing XINHUA in English 0831 GMT 11 Dec 93

[Text] Changsha, December 11 (XINHUA)—Hunan Province in central China has taken measures to accelerate its rural industrialization, which had lagged behind national average in the 1980s.

The province has in recent years put the development of rural industry at the top of its agenda.

From 1991 to 1992, the provincial government respectively allocated 10, 20 and 50 million yuan to rural industry to help it undertake technological transformation.

The local government also allocated more than 100 million yuan for technological transformation.

In 1993, the province invested about 4 billion yuan in supporting the development of more than 3,000 projects in rural industry.

Now, there are 31 cities and counties in the province whose annual rural industry output value has exceeded more than 1 billion yuan.

The province now has 40 towns with rural enterprises whose annual output value has exceeded 100 million yuan.

According an official in charge of rural industry in Hunan Province, from January to November, the output

value of rural industry in the province reached 80 billion yuan, increasing by 81 percent over the same period of last year.

In the first nine months, rural industry generated 3.5 billion yuan in profit and 1.7 billion yuan in taxes, both increasing by 77 percent over the same period of last year.

It is estimated that the development level of the rural industry in Hunan Province is now two percentage points above the average for rural industry in the country.

Northeast Region

Jilin Secretary Attends Plenary Session

SK1112095593 Changchun Jilin People's Radio
Network in Mandarin 1030 GMT 10 Dec 93

[Excerpts] The sixth provincial party committee held its second plenary session in Changchun from 7 to 10 December to profoundly implement the guidelines of the third plenary session of the 14th CPC Central Committee, to summarize this year's work, to study and arrange for next year's work of promoting reform, expanding the scale of opening up, and accelerating the building of the socialist market economy system. The session was presided over by the standing committee of the provincial party committee. He Zhukang, secretary of the provincial party committee, made an important speech on behalf of the standing committee of the provincial party committee.

The session adopted the resolution of the second plenary session of the sixth provincial party committee and the resolution of making Comrade Zhan Yuechang fill the vacancy of member of the provincial party committee.

At the conclusion of the session, Comrade He Zhukang set demands on how to implement the guidelines of the session and how to achieve success in our work.

Leaders of the provincial party committee and the provincial government, including Gao Yan, Wang Jinshan, Zhang Yueqi, Liu Xilin, Zhou Zaikang, Wang Guofa, and Wei Minxue, made speeches at the session. Comrade (Peng Zegang), deputy director of the provincial discipline inspection commission, also spoke at the session. [passage omitted]

The session pointed out: This year, we have made major progress in reform, opening up, and economic construction. Enterprise reform has deepened continuously, and obvious results have been achieved. The vitality of large and medium-sized state-owned enterprises has been enhanced. Bumper harvests have been reaped in all crops. Obvious results and new experiences have been gained in the macroeconomic regulation and control. Market construction has proceeded very quickly. New headway has been made in supporting reforms. The opening up has extended towards deep levels, diverse spheres, and all

sides. The project of opening up border areas to link the province with the sea has been accelerated. Construction of Changchun, Hunchun, and Jilin state-level development zones has been good. A good beginning has already been made in the work of building a developed border and near-the-sea province. The session also pointed out: There are still many difficulties and problems, which must be solved practically on our way towards advance.

The session stressed: We should comprehensively deepen the reform around the establishment of the socialist market economic system. Next year, we should put reform at the center of all our work, profoundly implement the guidelines of the 14th CPC Congress and the third plenary session of the 14th CPC Central Committee, persist in the party's basic line under the guidance of the theory of building socialism with Chinese characteristics, and concentrate more energies on accelerating the building of the socialist market economic system and on accelerating economic development in order to fulfill the task of pushing the economy onto a new stage and lay a solid foundation for building Jilin into a developed border and near-the-sea province.

First, we should give prominence to the reform of property rights of state-owned enterprises and establish the modern enterprise system. We should consider the reform of enterprise property rights as the fundamental measure for establishing the modern enterprise system and running state-owned enterprises well. In line with the different conditions of enterprises, we should promote the reform of enterprise property right through the methods of carrying out the shareholding system, the system of being owned by the state but operated by enterprises, establishing limited-liability companies on a trial basis, the system of being owned by the state but run by the people, management through grafting, shareholding and cooperative management, separated management, and merging enterprises to others.

Second, we should accelerate the cultivation of the market system. We should continue to grasp the building of consumer goods market and the market of means of production. We should vigorously develop and build a specialized wholesale market. We should energetically strengthen the building of markets of essential production factors, such as finance, labor force, skilled persons, technology, information, and real estate. We should combine the building of market systems with urban construction, particularly with the construction of small towns and satellite cities of large cities.

Third, we should change government functions and strengthen the macroeconomic regulation and control.

Fourth, we should accelerate the reform of distribution system and social insurance system.

Fifth, we should deepen the rural reform and develop the rural market economy. We should continue to stabilize and perfect the household-based output-related contract responsibility system, expand the contract period of cultivated land, establish the mechanism of transferring

land on a paid basis according to law, and continue to develop township enterprises and the rural collective economy. We should spread the shareholding cooperative system among rural collective enterprises. We should strengthen the rural market economy, vigorously develop and perfect the rural socialized service system, and promote the specialization, commercialization, and socialization of agriculture. We should reform the household registration management system, provide convenience for peasants to enter small towns, strengthen and improve the overall regulation and control over agricultural production, actually protect peasants' economic interests, and increase peasants' income.

Sixth, we should reform the scientific and technological system and the educational system and continue to grasp the project of invigorating the province through science and education.

Seventh, we should open ourselves still wider to the outside world and accelerate the pace of marching towards the world market. [passage omitted]

Jilin Prefecture Elects Acting Head

SK1312132393 Changchun Jilin People's Radio Network in Mandarin 2300 GMT 11 Dec 93

[Text] The seventh standing committee meeting of the Yanbian Korean Nationality Autonomous Prefectural People's Congress was held on 10 December.

The meeting elected Zheng Chengzhe, deputy secretary general of the provincial government, as acting head of the autonomous prefecture. Simultaneously, the meeting accepted Provincial Vice Governor Jin Zhezhu's request to resign from the post of head of the autonomous prefecture.

Liaoning Meeting on Debts to Grain Sellers

SK1312133393 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 10 Dec 93

[Text] On 9 December in Tieling city, the provincial government held a work meeting of governor and vice governors to study ways for paying off the arrears for grain sellers and to set forth specific methods for solving the problems in this regard.

The arrears of grain payments have been accumulated since 1987. So far, the unpaid money to grain sellers has surpassed 2 billion yuan. Of this, various cities in the province should have paid more than 1 billion yuan to Tieling city. Due to the fact that the grain payments cannot be given in a timely manner, the grain production areas have to use larger amounts of bank loans and pay bank interest. This not only adds burdens to grain enterprises but also adversely influences the local economy. The 16th routine work conference of the

provincial government, that was held last August, decided to urgently solve the problems in this regard. In October, the provincial government also made arrangements for paying off the arrears for grain sellers.

At this work meeting, Zhang Rongmao, vice governor of the provincial government, stressed the necessity to firmly and thoroughly attend to the work of paying off the arrears for grain sellers. He urged that the provincial and city departments concerned should positively work in cooperation with one another and define the responsibility system. All cities should formulate plans for returning the debts. The banks will transfer the debts of creditors to the debtors by the end of December if both creditors and debtors have the accounts in the same banks. In this way, we will be able to pay off 120 million yuan of arrears to Tieling city. The rest of the arrears should be paid off by the end of next June.

The meeting also decided that from 1 January 1994, the debtors should pay the interest. Next year, the banks will ensure the supply of funds for allocation of grain to stop new arrears.

Liaoning Radio Management Committee Holds Plenum

SK1312132293 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 10 Dec 93

[Text] The provincial radio management committee held the sixth plenary session in Shenyang on 10 December.

The session discussed and approved the provincial proposal for revising the Eighth Five-Year Plan of the provincial radio management and kilohertz calculation station; studied ways for studying, disseminating, and implementing the PRC regulations on radio management; and discussed the issue of strengthening the province's radio management work.

Guo Tingbiao, chairman of the provincial radio management committee and vice governor of the provincial government, made a speech at the session.

He said: Over the past two years, the province has scientifically made a unified plan for radio management; worked out, in a coordinated way, standards for radio signals, border broadcasting work, field intensity; timely and harmoniously handled radio interference; and extensively consolidated radio communications, equipment, and market order. By generally inspecting the radio stations, the province has created a good electromagnetic environment for radio communications. So far, the province has more than 100,000 radio stations and is making efforts to have its radio communications technology catch up with the international advanced level.

Letter From ARATS to SEF on Holding Talks

OW1112122093 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 9 Dec 93

[From the "News and Current Events" program]

[Text] The Association for Relations Across the Taiwan Straits [ARATS] 9 December sent a letter to the Straits Exchange Foundation [SEF] on the matter of holding talks between the two sides in Taipei [Taipei].

The letter says:

We have received and understood the contents of a letter sent by your foundation to this association on continuing routine talks.

This association agrees with your foundation's suggestion of holding discussions in Taipei [Taipei] on the repatriation of hijackers of airplanes, the handling of fishing disputes between the two sides, and the repatriation of people who have entered the other side in violation of relevant regulations and related matters, and exchanging opinions on other subjects.

This association will send a negotiation team headed by Deputy Secretary General Sun Yafu of this association to Taipei [Taipei] to hold discussions with your foundation at a working level. It will be convenient if the duration of talks is set from 18 to 23 December.

This association hopes that the talks between the two sides will avoid political and legal topics and seek methods which can solve routine matters and can be accepted by both sides in the spirit of dealing with concrete matters so as to be conducive to holding talks between the two sides in a smooth manner and reaching agreements.

It is hoped that the members of our team will receive due protection and be provided with necessary conditions when they are working in Taiwan.

Your foundation and this association have already reached a common understanding in adhering to the principle of one China by the two sides of the Straits during talks at a working level and have expressed this principle in words. In your letter, the wording on so-called "following established rules of international relations" runs counter to the aforementioned common understanding of our two sides. We hope there will be no recurrence of such a situation.

Please give us a reply.

Article Criticizes Taiwan's 'Two Chinas' Policy

HK1112031093 Beijing RENMIN RIBAO in Chinese 7 Dec 93 p 4

[By Guo Taiwen (6753 3141 2429): "Taiwan Authorities' 'Two Chinas' Plot Exposed"]

[Text] At a press conference held in Seattle a few days ago, Taiwan "Economic Minister" Chiang Ping-kun publicly declared: "Taiwan and the PRC are two countries whose sovereignties are independent of each other" and that the Taiwan authorities would adopt a "policy of two Chinas as a phase in a process that leads to one China." The statement was greeted with astonishment. However, when pressed for an answer, personnel concerned had to admit that the "two Chinas" statement had been studied and discussed by high-level Taiwan authorities and drafted in Taipei.

The Taiwan authorities' first open declaration of "two Chinas as a phase" is the full exposure of their "one country, two governments" and "one China, one Taiwan" plot. It is a serious concern for people on both sides of the strait and those who care about the unification of China.

While the "outline for national unification" declared by the Taiwan authorities insisted on "one China," its action was quite the reverse. They keep coming up with new and more blatant versions of the trick of "one country, two governments" or "one China, one Taiwan. The Taiwan authorities have again stated that they want to join the United Nations under the name of the "Republic of China in Taiwan." In order to join the United Nations and achieve their goal of creating "two Chinas" in the international community, the Taiwan authorities have spared no money and manpower in pursuing its "dollar diplomacy," lobbied through various means in Europe and the United States, and vigorously preached the so-called "one country, two seats" and "dividing the parallel national representation right." These self-deluding tricks have not received any international support and have been derided by the island media as "a not-so-ingenuous trick with international law." When the plot fell through, Taiwan "Foreign Affairs Minister" Chien Fu had the nerve to publicly say: "We cannot speak only of one China. We would end up tying our own hands if we continued to speak only of one China." He even said that he himself had not used "one China" since May 1991. "It takes more than one day of cold to get ice three feet deep." There is a traceable pattern to the change of the Taiwan authorities' "one China" policy, and the open declaration of the "two Chinas" policy was no coincidence.

Today, when cross-strait nongovernmental exchanges have developed considerably, it is only reasonable that the Taiwan authorities' plot against the historical current to split up the country and create "two Chinas" is spit upon and opposed by all the people on both sides of the strait, especially all those who defend national unification and hope for an improvement in cross-strait relations. To cover up their move, they "created an alibi, only to give themselves away" and racked their brains on the term "China" in an attempt to cover up their action of creating "two Chinas." But the more they try to cover themselves, the more they are exposed.

There is only one China in the world. Taiwan has always been an inalienable part of China and, after World War II, has returned to China, both legally and as a matter of fact. The international community recognizes that there is only one China. The PRC Government is the only legal government representing the whole of China. Taiwan is a province of China. The status of Taiwan as part of China's sacred territory allows no change. We firmly oppose any plot, word, or action that might lead to the "independence of Taiwan" or create "two Chinas."

The problem of Taiwan is China's internal affair and should—and can—be entirely solved under the "one China" framework, through consultations and negotiations, and in a peaceful way. Only when national unification has been

achieved can Taiwan completely solve its various so-called "international political space" problems. We again call on the Taiwan authorities to see clearly the historical trend, make political contacts as soon as possible with the mainland for discussion, jointly develop cross-strait relations, and move steadily toward peace.

People on both sides of the strait oppose creating "two Chinas" to split up national sovereignty. Most of the political forces on the island favor peaceful unification and developing cross-strait relations. The Chinese people are unwavering in their determination to defend national sovereignty and territorial integrity. All actions aimed at creating "two Chinas" or "one China, one Taiwan" are destined to fail.

Ninth Mainland Plane Hijacked to Taipei

Plane Sent Back to Mainland

*OW1212124193 Taipei Voice of Free China in
Mandarin 1200 GMT 12 Dec 93*

[From the "News" program]

[Text] After investigation by aviation police of the Republic of China [ROC], no suspicious things or signs were discovered in the mainland Hsiamen [Xiamen] Airline Company's passenger plane hijacked to Taiwan this afternoon.

At 7:47 p.m. [1147 GMT], the same plane was sent back. The Government of the ROC [Republic of China] still follows the principle of separating people from airplane to handle the case. The hijacker, (Chi Ta-qian), has been detained in Taiwan.

(Chi Ta-qian) is 23 years old and a native of Harbin. He is a staff member of the China Light Industry Import-Export Corporation. Due to a quarrel with the general manager of the corporation, he hijacked the plane by pretending to possess explosives.

There were a total of 100 people on board the plane, eight crew members and 92 passengers, including one Taiwanese tourist and three Russians. No one was hurt or killed in the hijacking.

The serial number of the hijacked airplane, Boeing-737 200-type, flight 8086, of the Hsiamen Airline Company is 2516. It was flying from Harbin to Hsiamen. In the course of the hijacking, two F-5-E fighters of the ROC took off to intercept the passenger plane at 3:40 p.m. this afternoon. At 4:08 p.m., the hijacked mainland passenger plane landed at the CKS International Airport in Taoyuan.

This is the ninth hijacking of mainland civil aviation planes this year, the second in four days.

Lien Chan Issues Instructions

*OW1212131893 Taipei Voice of Free China in
Mandarin 1210 GMT 12 Dec 93*

[From the "News" program]

[Text] Lien Chan, president of the Executive Yuan of the Republic of China, after receiving reports on another hijacking of a passenger plane of mainland's Hsiamen [Xiamen] Airline Company to Taiwan, immediately gave instructions to departments concerned to handle the case in accordance with the same principle if no suspicious things are found.

Lien Chan also pointed out that the meeting between the Strait Exchange Foundation [SEF] and mainland's Association for Relations Across the Taiwan Straits [ARATS]

in Taiwan will open soon, and that the mainland authorities should show sincerity and look squarely at the problem and effectively eliminate the repeated tension caused by plane hijackings.

Mainland Airport Security Criticized

*OW1312085493 Taipei CNA in English 0829 GMT 13
Dec 93*

[By Lilian Wu]

[Text] Taipei, Dec. 13 (CNA)—Government officials and legislators again blamed lax security inspections at Mainland Chinese airports for contributing to a spate of hijackings of mainland airliners to Taiwan.

On Sunday [12 December], another Mainland Chinese airliner was hijacked to Taiwan, the ninth such incident since April and the second in four days.

Premier Lien Chan said he hopes the forthcoming meeting between Taipei's Straits Exchange Foundation (SEF) and the Beijing-based Association for Relations Across the Taiwan Strait (ARATS) will discuss the recurring hijackings and seek to prevent future incidents.

Jason Hu, director-general of the Government Information Office, said Taiwan does not condone hijackings, regardless of the motive. He urged Mainland Chinese to cease using the method in an effort to seek freedom in Taiwan.

He also urged mainland authorities to take strong measures to prevent any future hijackings.

Hsu Hui-you, SEF vice secretary-general, added that each of the nine hijackings not only endangered the lives of passengers and crew, but also had an adverse effect on cross-Taiwan strait relations.

Hsu said SEF and ARATS have agreed in principle to repatriate hijackers, and he expressed the hope that the Dec. 18 meeting could reach an agreement on the procedures and conditions for repatriation.

Legislator Chao Yung-ching called the repeated hijackings a joke and called on the government to submit a record of the hijackings to the Guinness Book of World Records.

SEF, ARATS Delegates To Meet 17 Dec

*OW1112094393 Taipei CNA in English 0830 GMT 11
Dec 93*

[By Sofia Wu]

[Text] Taipei, Dec. 11 (CNA)—Taipei is preparing for the arrival of a mainland Chinese delegation for a new round of talks on cross-strait issues, a spokesman for the Straits Exchange Foundation (SEF) said Saturday [11 December].

"We have sent a letter to Beijing's association for Relations Across the Taiwan Strait (ARATS) welcoming its delegates to Taipei for the proposed Dec. 18-23 talks," the spokesman reported.

The mainland delegation, to be headed by ARATS Deputy Secretary-General Sun Yafu, is scheduled to arrive in Taipei Dec. 17, the spokesman said.

In its letter to ARATS, SEF said Chiao Jen-Ho, SEF secretary-general, hopes to meet with ARATS Secretary-General Zhou Zekai and his deputy Tang Shubei in the near future.

SEF also expressed the hope that both sides can discuss issues of mutual concern pragmatically on an equal and reciprocal basis during the forthcoming Taipei talks.

It reminded ARATS that both sides already expressed their positions on the "one China" issue during last year's talks in Hong Kong.

"We hope this sensitive issue will not be brought up in the Taipei talks," SEF said in its letter.

The Taipei meeting will focus discussion on repatriation of illegal mainland immigrants and hijackers, as well as on ways to resolve cross-strait fishing disputes.

The meeting will be held at the China Trust Commercial Bank building owned by the family of SEF Chairman C.F. Koo.

It will be the first SEF-ARATS meeting in Taipei since Taiwan began to allow civilian cross-strait exchanges in the late 1980s. Previous cross-strait talks were held either on the mainland or in a neutral location, such as Hong Kong and Singapore.

Both SEF and ARATS are semi-official organizations founded by their respective governments to handle cross-strait exchanges in the absence of official contacts.

Taiwan Will 'Assist' Anyone Targeted by CPC

HK1312070093 Hong Kong THE STANDARD in English 13 Dec 93 p 7

[Report by Angel Lau]

[Text] Taipei will assist Hong Kong citizens subjected to persecution from the Communist Chinese authorities after 1997, a visiting legal expert says. The Executive Yuan on the island would be empowered by the future Taiwan and Hong Kong-Macao Relations Act to help Hong Kong citizens in cases of emergency, said Tsai Ing-wen, a professor of law in the Graduate Institute of International Trade at the National Chengchi University.

Tsai is one of the six legal and political experts from Taiwan and Hong Kong invited by the Kuomintang government to devise a draft law on Taiwan's future relations with Hong Kong and Macao.

Acknowledging the fears of some people, especially those who are pro-Taipei, that the communist authorities on the mainland might take revenge against them after the return of sovereignty, Tsai said an emergency relief clause in the draft law would provide for the Executive Yuan to exercise its power to help them.

She said Taipei would not treat Hong Kong and Macao like mainland China despite their return to China. The Taipei government felt the need to draft a special law to handle its relations with Hong Kong and Macao as the present regulations dealing with the mainland would be "inapplicable" to the two territories after their return. "We hope to continue our help in keeping Hong Kong and Macao prosperous and stable after 1997 and 1999. This is another reason why we are drafting the law," she said.

The law will stipulate regulations on a variety of issues including entry to Taiwan investment on the island, bilateral trade, finance and commerce, legal disputes, taxation and navigation. Tsai said the law would be formulated in such a way that it would give space for the Taipei government to take active and positive action whenever necessary.

Lau Yui-siu, deputy editor of the Chinese affairs monthly *Contemporary*, commented however that the committee seemed to have adopted a "preventive," passive attitude. Lau said the law should be more active and positive so as to make use of the relationship to enhance co-operation.

GATT Membership To Affect Cross-Strait Trade

OW1312084093 Taipei CNA in English 0817 GMT 13 Dec 93

[By Lillian Lin]

[Text] Taipei, Dec. 13 (CNA)—Full participation in the General Agreement on Tariffs and Trade (GATT) by Taiwan and Mainland China will stimulate trade and investment cooperation between both sides of the Taiwan Strait, according to the Chunghua Institute for Economic Research.

An institute analysis said full GATT memberships for Taipei and Beijing will improve the environment for cross-strait trade negotiations.

The memberships are also expected to benefit Taiwan investors in the mainland, as GATT membership would free mainland products from import quotas imposed by European Community countries.

Statistics released by Mainland Chinese authorities indicate that Beijing has approved more than 15,000 investment applications by Taiwan businesses, with total investment reaching US\$15.7 billion.

For Taiwan's industries, the analysis pointed out, GATT membership and the resulting trade liberalization may

also adversely affect certain manufacturers whose production lines overlap their mainland counterparts.

Electrical appliance producers in Taiwan stand to lose 20 to 30 percent of their overseas market share to mainland manufacturers, the analysis predicts.

Mainland trade liberalization may offer Taiwan investors there more opportunities, but Taiwan businesses will no longer be accorded preferential treatment, the institute analysis added.

'Grave Concern' Expressed on Possible Tariff Easing

OW1312082393 Taipei CNA in English 0807 GMT 13 Dec 93

[By Lillian Lin]

[Text] Taipei, Dec. 13 (CNA)—Agricultural officials have expressed grave concern that local produce will not be able to compete with foreign agricultural products when Taiwan eases import tariffs and prohibitions on farm goods.

Council of Agriculture officials said rice and fruits will face the most serious threat when high import tariffs and quota restrictions are relaxed.

A Ministry of Finance official also pointed out that products which rely solely on the domestic market will inevitably face competition from imported items.

Taiwan has been told it must lift protectionist import restrictions and cut import tariffs before it can become a full member of the General Agreement on Tariffs and Trade (GATT).

Government officials predict that tariff reductions will have a serious impact on the domestic rice market.

Taiwan's annual rice production value is estimated at NT\$35.2 billion [new Taiwan] (US\$1.32 billion). Rice production in Taiwan is more costly than in foreign countries, mostly because of the large work force involved in the work. Low-cost imports are expected to make a large cut in the market, officials explained.

The chicken meat industry is also expected to face increased competition after import tariffs are cut. The domestic chicken market, worth more than NT\$10 billion (US\$37 million) annually, is expected to be taken over by imports, which are now checked by 40 percent tariffs.

The Finance Ministry official said the purchasing habits of Taiwan consumers and the island's import structure are bound to change after import tariffs are cut.

For consumers it will mean an increase in selection and lower prices, the official added.

U.S. Issues 'Demand' for Reduction of Tariffs

Discussion Set for Jan in Washington

OW1112171793 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 10 Dec 93

[Report by Huang Mei-ping; from the "Hookup" program—recorded]

[Text] The Ministry of Economic Affairs [MOEA] has received an official reply from the United States expressing the hope that the two sides will meet in Washington next January to discuss the U.S. demand to reduce tariffs on 699 import items. MOEA Vice Minister Hsu Ke-sheng said: This consultation, which will be held prior to the bilateral talks on reducing tariffs, will undoubtedly help facilitate the formal trade talks. It has been decided in principle that Board of Foreign Trade Director General Huang Yen-chao will head the delegation to the consultation. Relevant departments will hold a special meeting in the next few days to decide how to respond to the U.S. demand. Vice Minister Hsu Ke-sheng said that in addition to U.S. demand that we reduce tariffs on 699 import items by 50 percent and demands from other countries in bilateral talks, pressure will also come from the Uruguay Round, which calls for (?reducing tariffs) by one-third. We will take into account of the commitments to tariff reduction we can make with other countries during the consultation so as to soften the impact on our industries from multiple sources. Hsun Ke-sheng said: For example, if we decide to reduce tariffs at a certain percentage, we will take that as our base line in our talks, and we will go no further. This is one way of approaching the talks. However, the other side may demand further cuts after we have reduced the tariffs by 50 percent. It is a matter of how we approach the talks.

Whether the consultation will also touch on (words indistinct), Vice Minister Hsu indicated that since the United States did not mention this in its letter, the consultation will essentially focus on tariffs. The minister said: Reducing tariffs has become a general international trend, and there is no way we can stop it. We must follow the trend. The government has made it clear to various countries that our agriculture, auto industry, and aeronautic and space industry have not reached the level of a developed country. Although we are applying for GATT membership as a developed country, we still hope to seek a more favorable adjustment period. We will continue to exchange views with other countries on this position of ours.

Reduction of Auto Tariffs 'Unlikely'

OW1212155193 Taipei CHING CHI JIH PAO in Chinese 1 Dec 93 p 1

[Text] In response to reports that under U.S. pressure, the Ministry of Economic Affairs [MOEA] has initially decided to reduce import tariffs on automobiles under

3,000 C.C.'s [expansion unknown] to 15 percent from the current 30 percent, Vice Minister Yang Shih-chien pointed out yesterday that although the ministry is still studying the matter and has not made a decision. Yet, in principle, this is not possible.

Tsai Lien-sheng, head of the Third Section of the MOEA's Board of Foreign Trade, also pointed out: The issue of tariffs was not discussed in detail at last night's task force meeting. There was no decision on whether to adjust the import tariffs on automobiles and on the rate of adjustment. However, according to the government policy on developing the automobile industry, reducing import tariffs on automobiles from 30 percent to 25 percent by 1996 is most appropriate for the development of the domestic automobile industry.

The U.S. Trade Representative's Office recently asked our country to reduce tariffs on 699 products by 50 percent, and automobiles are one of the items listed. It also asked us to reduce tariffs on other sensitive products, such as buses and other large vehicles, to 20 percent from the existing 40 percent. The list, after being made public, has led to discussions in many quarters. Different interest groups have also swung into action. Car manufacturers urged the government not to change its commitments on tariff reductions, while car importers demand tariff reductions to benefit consumers. Yesterday, it was reported that the MOEA has accepted the U.S. demands *carte blanche*.

Yang Shih-chien pointed out: The United States has the right to make demands based on its own considerations. However, our country must consider our own industrial development. This matter is still under consideration by the task force, and no decision has been made. However, he stressed: "Out of consideration for industrial development, it is very unlikely that the tariffs on automobiles would be reduced from 30 percent to 15 percent." He also urged everyone to consider this issue with a sober head and not to "fall into the trap."

Our country imported some 126,000 cars last year, and the number is expected to reach 135,000 this year, accounting for one third of the domestic market share.

Economic Minister Stresses Trade Liberalization

OW1212045993 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 9 Dec 93

[From the "Hookup" program]

[Text] On 9 December, the Economic Ministry's Board of Foreign Trade [BOFT] pointed out the need for our country to prepare for the worst as the lifting of the ban on rice imports has become an unstoppable trend. At the same time, the BOFT urged the government to raise the ratio of spending on farming in the national budget and to make the necessary compensation for possible losses following the lifting of the ban on rice imports and other

agricultural products. Economic Minister Chiang Pin-kung pointed out that solution of the rice issue will lead to the successful conclusion of the Uruguay Round of talks, which will greatly help expand the export market for our country's agricultural and industrial products. The government will work out countermeasures in coordination with the Executive Yuan, the GATT-Joining Task Force, and other units prior to joining GATT. Minister Chiang said South Korea's concession on the rice import issue shows the inevitable trend of trade liberalization in the world. As we cannot afford to be isolated from the international market, we need to adopt a correct attitude and face future problems head on. Minister Chiang stated:

[Begin Recording] [Chiang] Our basic stand is that our industry requires time for development and for the necessary protection. But we must admit that we face foreign countries demands for lowering tariffs, granting the most-favored-nation status, and for entering the market. Of course, we need to work out effective countermeasures to cope with those demands. [end recording]

Agricultural Council Chairman Views Rice Policy

OW1112134793 Taipei Voice of Free China in English 0200 GMT 10 Dec 93

[From the "News" program]

[Text] Council of Agriculture Chairman Sun Ming-hsien said Wednesday the ROC [Republic of China] is not facing immediate pressure on opening its rice market because the nation is not yet a signatory to the General Agreement on Tariffs and Trade. Sun said his council will closely watch the progress and results of the Uruguay Round of trade talks as well as the response of Japan and South Korea.

At any way, he stressed, the ROC Government will give farmers' interest top priority when reviews the nation's rice policy. Sun explained rice production in Taiwan is heavily subject to climate changes, adding it is paramount that Taiwan maintains self-sufficient rice production to insure food safety and meet its defense need.

In addition, Minister of Economic Affairs P.K. Chiang said his ministry takes the same stand as the Council of Agriculture, that is the Ministry of Economic Affairs will not take initiative to propose the opening of the local rice market.

Agricultural Official Rules Out Rice Imports

OW1312052693 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 9 Dec 93

[From the "Hookup" program]

[Text] The Executive Yuan's Council of Agriculture stated on 9 December that our country's policy of banning rice market imports remains unchanged. The

Council of Agriculture noted that as Japan and South Korea are signatories of GATT, they have the pressure of bringing a conclusion to the Uruguay Round of talks. Since Taiwan is not yet a member of GATT, it has no sense of urgency to reach a decision. (Shen Wei-kuo) reports:

[Begin recording] [Shen Wei-kuo] On 9 September South Korean President Kim Yong-sam announced the opening of the South Korean rice market. Japan is expected to follow suit. At a time when our country is consulting with countries concerned over the matter of joining GATT, we need to properly deal with the rice issue. In the last several days, Sun Ming-hsien, chairman of the Council of Agriculture, has repeatedly voiced opposition to lifting the ban on rice imports when asked if Taiwan will in the future be forced to conditionally allow rice imports because of international pressure. Upon learning that South Korea will open its rice market, reporters pressed Sun Ming-hsien for comments. Under the pretext of having to preside over a briefing at the Council of Agriculture at 1500, Sun Ming-hsien asked Vice Chairman (Wu Rong-chien) to talk with reporters about rice imports at 1440 on 9 December. (Wu Chung- chien) said the remark by [word indistinct] (Chen Wu-hsiung) on the three-step negotiation strategy over rice imports at the Legislative Yuan's public hearing on the morning of 7 December was his personal view which did not represent the policy of the Council of Agriculture. (Wu Rong-chien) added that Japan and

South Korea are opening their rice market due to international pressure. Since our country is not a member of GATT, there is no pressure at present to immediately open the rice market. But the pressure for lifting the ban on rice imports will be unavoidable when holding talks with other signatory countries on rejoining GATT.

[Wu Rong-chien] We are still not a member of GATT, therefore there is no immediate pressure. Of course, the pressure will be unavoidable in the future. However, there is no need at present to state our position hurriedly.

[Shen] (Wu Rong-chien) said that if GATT signatory countries succeed in reaching an agreement over the Uruguay Round of talks before 15 December, the Council of Agriculture will, according to relevant farm agreements and referring to the action taken by Japan and South Korea, adjust its agricultural strategy, the strategy for growing rice in particular.

[Wu] We think we will study and work out an adjustment strategy according to the agreement of the Uruguay Round of talks and by referring to the action taken by Japan and South Korea. This, however, does not mean that we will necessarily follow other countries' steps.

[Shen] As for whether our country has already worked out a contingency plan for farm talks when conducting consultations with GATT members next year, Wu Rong-chien said that as the talks have yet to start, it is not appropriate to discuss this problem at present.

[Wu] I think as the consultations have yet to start, it is inappropriate to discuss this problem. [end recording]

Hong Kong

Reaction to Gazetteing of Reform Bill Reported

More on Spokesman's Remarks

OW1012134393 Beijing XINHUA Domestic Service in Chinese 1301 GMT 10 Dec 93

[Text] Beijing, 10 Dec (XINHUA)—A Foreign Ministry spokesman said here today: The gazetting by the British Hong Kong authorities of parts of the legislative draft is yet another serious step to deliberately undermine [po huai 4275 0975] the Sino-British talks. Asked by a reporter what comment he had about the gazetting by the British Hong Kong authorities of parts of their legislative draft, the spokesman said: The British Hong Kong authorities on 10 December gazetted parts of the legislative draft of their "political reform package" [zheng zhi fang an 2398 0455 2455 2714]. This is yet another serious step taken by the British side in the face of the Chinese side's objections and warnings to deliberately undermine Sino-British talks on arrangements for the 1994-95 elections in Hong Kong. He said: The Chinese side would like to reiterate that submission of the "political reform package" to the Legislative Council by the British Hong Kong authorities before an agreement is reached in Sino-British talks means the termination [zhong zhi 4807 2972] of the talks. The British side must be responsible for all consequences arising therefrom.

XINHUA Official Sees 'Grave Step'

OW1012145493 Beijing XINHUA in English 1426 GMT 10 Dec 93

[Text] Hong Kong, December 10 (XINHUA)—A senior Chinese official in Hong Kong today expressed China's strong opposition to the gazetting of the partial political reform bill.

"This was a grave step taken by the British Hong Kong authorities on the road of confrontation with China. The British side should bear all the consequences arising from it," said Zhu Yucheng, deputy director of the Hong Kong branch of the XINHUA NEWS AGENCY, prior to a public gathering held here today.

He reiterated China's consistent position that the introduction of Governor Chris Patten's political reform bill, whether the entire bill or part of it, to the Legislative Council before the two sides reach an agreement means the break-down of the Sino-British negotiations.

The deputy director stressed that all important matters relating to the transfer of power in 1997 should be settled through consultations between the Chinese and British Governments in accordance with the Sino-British Joint Declaration. And the arrangements for the 1994-95 electoral election in Hong Kong are matters involving the transfer of power in 1997.

China has cast away all illusions in view of the fact that the British side has destroyed the foundation of cooperation with China by taking unilateral action on the arrangement for the 1994-95 electoral election, he said.

Under these circumstances, it is only logical that China should speed up the work of the preliminary working group for the preparatory committee of the first government of the Special Administrative Region of Hong Kong, he added.

He called on local residents to be more concerned with and take an active part in the affairs relating to the transitional period and strive for the smooth transition and sustained prosperity and stability of Hong Kong.

He reiterated that the Chinese side will try its best to reduce to the minimum the damages arising from the un-cooperative attitude of the British side.

"We are capable of ensuring the smooth transition and prosperity of Hong Kong," he said.

XINHUA Spokesman on 'Serious Consequences'

OW1112005193 Beijing XINHUA Domestic Service in Chinese 1636 GMT 10 Dec 93

[Text] Hong Kong, 10 Dec (XINHUA)—In connection with the move by the British authorities in Hong Kong to gazette portions of the political reform bill, the spokesman for the Hong Kong Branch of XINHUA said today: "We want to reiterate that since China and Britain have yet to reach an accord on the 1994-95 election in Hong Kong, China will never accept the move taken by the British Government in Hong Kong to approve the gazetting of the reform package and bills approved by the Hong Kong Legislative Council; China will start a new kitchen after 1997 on the basis of the relevant provisions in the Basic Law. Britain must bear all responsibility for the serious consequences [yi qie yan zhong hou guo fu chuan bu ze ren 0001 0434 0917 6850 0683 2654 6298 0356 6752 6307 0117] arising from undermining Sino-British cooperation."

The spokesman added: The move taken by the British authorities in Hong Kong "not only has exposed their hypocrisy in claiming they 'would not leave the negotiation table,' but also means they have unilaterally and completely terminated the Sino-British talks. We firmly oppose this serious move taken by the British authorities to undermine the Joint Declaration."

The spokesman continued: "In view of the fact that the British authorities have insisted on going against the three principles [referring to adherence to the Sino-British Joint Declaration, convergence with the Basic Law of the future Special Hong Kong Administrative Region, and the observance of agreements and understandings reached by both sides], that they do not have the slightest sincerity to cooperate, and that they are obstinate in their unilateral move regarding arrangements for the 1994-95 election, the British authorities have seriously undermined [yan zhong po huai 0917

6850 4275 0975] the foundation of Sino-British cooperation. There should be no more illusions about the British authorities. We hope the vast number of Hong Kong residents will be concerned with Hong Kong affairs and will take a more active role in them during the transition period, and will make concerted efforts for Hong Kong's smooth transition and long-term prosperity and stability.

"Under the current situation in which the British authorities refuse to cooperate, the Preliminary Working Committee will naturally accelerate its operations to ensure the Basic Law is implemented after 1997. China will do its utmost to minimize the damage to Hong Kong resulting from the British authorities' lack of cooperation. We have the ability and the confidence to ensure the smooth transition and prosperity of Hong Kong."

Reportage on Preliminary Work Committee Meeting

Negotiator Reveals Details of Talks

HK1012154493 Hong Kong WEN WEI PO in Chinese
10 Dec >3 p 2

["Dispatch" by WEN WEI PO news team: "Jiang Enzhu Revealed Details of Talks"]

[Text] Beijing, 9 Dec—Jiang Enzhu, Chinese vice foreign minister and Preliminary Work Committee [PWC] member, this morning briefed all PWC members on details of Sino-British talks. Participating committee members revealed that, during the briefing, Jiang Enzhu cited liberally documents of the talks and helped them understand the whole matter thoroughly.

As related by participating committee members, Jiang Enzhu mentioned Britain's practice of orally recognizing the three principles for the talks—those of observing the Sino-British Joint Declaration, Basic Law, and relevant understandings between China and Britain—while effectively denying them when dealing with specific issues. Lastly, Britain brought the talks to a grinding halt by demanding, in the context of election methods, that all three levels of elections must be dealt with at the same time.

Why China Suggested Uncoupling

China had always hoped to reach an agreement on the constitutional reform package on the basis of the "three convergences" and had adopted a fairly flexible approach. China repeatedly told Britain that the part of the electoral arrangements which they had agreed on should be handled accordingly, and China was willing to discuss those without specific agreement with Britain. However, when the two sides were at last coming to an agreement, Britain raised other different issues, concerning mainly the voting method.

As to why China suggested handling 1994 and 1995 elections separately, Jiang Enzhu explained that China

did this mainly out of consideration for time. It wanted to discuss 1994 electoral arrangements for district organizations first, secure an agreement, then move on to discuss the Legislative Council [Legco] elections. Britain at first disagreed, and Chris Patten stalled. On 1 October, Foreign Minister Qian Qichen met Douglas Hurd and told him explicitly that since 1994 was nearing and time was running short, and as 1994 elections were relatively simple as an issue, he proposed that they uncouple the 1994 and 1995 elections, and come to an agreement on 1994 elections before addressing the 1995 issue. This was the method of "dealing first with easier issues." It took Britain some 10 days to respond: It agreed to uncouple the two elections with the conditions of lowering the voting age from 21 to 18, adopting a single-seat, single-vote voting method, and abolishing the appointed seats in district boards and urban and municipal councils.

The 15th Round of Talks Should Have Produced an Agreement

China responded immediately: It welcomed Britain's agreement to uncouple the elections but opposed its three preconditions. Nevertheless, in order to reach an agreement as soon as possible, at each round of talks China made positive proposals and adopted most of Britain's views. During this period, three issues received the most attention from both sides: There was no difference between the two over keeping the present functions of district boards and urban and municipal councils, or on revising present Hong Kong electoral ordinances to allow National People's Congress deputies and Chinese People's Political Consultative Conference members to run in the elections, and also to bring them in line with the Basic Law. Britain stalled a while, but finally agreed. The greatest difference, which took up most of the talks, was on the elections for district organizations and urban and municipal councils. First of all, most Hong Kong people would not agree to abolishing the appointed seats. China believed that the appointed seats had helped district organizations carry out their functions and proposed to keep them. Britain disagreed, on the reason that since Legco would abolish its appointed seats in 1995, district organization should follow suit. China held that Legco differed from district organizations in function and the two need not be linked. Later, China agreed to Britain's changes but asked for flexibility in ratios, that is, reducing the appointed seats from the present one-third ratio to one-fourth. Britain disagreed. At this point, there was only this problem with the 1994 elections, and to avoid jeopardizing the overall settlement, China proposed at the 15th round a compromise: Both sides would state explicitly that Britain favored abolishing, while China favored retaining, the appointed seats, and the issue would be left to the Special Administrative Region government after 1997. This way, Britain could abolish the appointed seats before 1997. Thus, together with the single-seat, single-vote voting method and the lowering of the voting age from 21 to 18, China had in effect agreed to all of Britain's three proposals.

Jiang Enzhu said that China and Britain had agreed on the electoral arrangements for the 1994 district organizations. Had Britain had a minimum of sincerity, there would have been an agreement in the 15th round. But Britain raised another entirely different issue, that is, the single-seat, single-vote voting method for district organizations was to be applied to the 1995 Legco elections. China held that since we had uncoupled the two elections, problems with the Legco should be dealt with in Legco discussions. In the 16th and 17th rounds of talks, Britain still insisted on pegging the Legco elections to the 1994 issue, on the ground that there was a problem of balance. China responded with a draft memorandum of understanding which was rejected by Britain on the spot. Britain also said it was a waste of time to legislate twice for voting methods. China held that there was no linkage between the two and problems with Legco should be solved later. Britain then cited some political reasons, saying that Legco had passed the motion adopting the single-seat, single-vote method in the 1995 elections. China did not think it could accept this reason. Legco is only an advisory body for the Hong Kong governor. How can negotiations between China and Britain revolve around Legco? This is totally unreasonable.

Jiang Enzhu said that, after a series of moves, Britain then proposed holding the 18th round in December, while formally notifying China that it would table the reform package to Legco on 15 December. It also said that the 18th round was scheduled for 17 and 18 December. Britain was distorting facts and misleading the media in such an open way because it wanted to shift all the responsibility to China. Jiang Enzhu stressed: It was very strange that Britain had put forward a draft document between the 15th and 16th rounds which accepted all of China's wording. And now Britain itself rejected it. At the meeting, Jiang Enzhu recited the full text of both the Chinese and English versions of the draft document to committee members.

Subcommittee Head on Economic Affairs

OW1012053593 Beijing XINHUA Domestic Service in Chinese 1053 GMT 9 Dec 93

[Text] Beijing, 9 Dec (XINHUA)—Fang Huang Jiwen [Neiue Fong Wang Kut-man], head of the Economic Subcommittee of the preliminary working committee for setting up the Hong Kong Special Administrative Region [HKSAR] Preparation Committee, delivered a work report on her subcommittee at the second plenary session of the preliminary working committee today.

She said: We all maintain that the economic subcommittee's responsibility should be coming up with views and suggestions regarding Hong Kong's stable transition and the successful transfer of government power in 1997, in accordance with relevant provisions in the Hong Kong Basic Law. We all agree that four principles should be followed when specifying my subcommittee's responsibilities: 1) They should be major economic affairs relevant to the transfer of government power in 1997; 2) they

should be matters that have to converge with regulations relevant to economic affairs in the Basic Law; 3) they should be matters having a major impact on the HKSAR economy in the future; and 4) they should be problems that have to be resolved before 1997.

Fang Huang Jiwen commented on her subcommittee's work in eight areas:

1. Large infrastructure projects that will continue after 1997 or that will have a major impact on the economy after 1997. She said: The focus of our attention will be projects that will have an impact on the HKSAR, and responsibilities and obligations the HKSAR must undertake, including the necessity, timeliness, and cost effectiveness of these large infrastructure projects, as well as whether the responsibilities, privileges, and obligations which the government, contractors, operators, and managers respectively undertake are rational.

2. Major monopolies and contracts that will continue after 1997 and will involve the HKSAR's vital economic interests. For ordinary government contracts, we will come up with the simplest measures possible so they will remain effective after 1997. When we study these major monopolies and contracts, we will focus our attention on the responsibilities and obligations the HKSAR Government must undertake. They include the necessity of these monopolies and contracts; and whether the responsibilities, privileges, and obligations which the government and operators undertake are rational.

3. In the financial sector, we will pay attention to the receipts and payments of the British Government in Hong Kong and the trend of development in the next several years, and we will assess any changes in financial policy. We will come up with views and suggestions as to how Hong Kong's financial policy before 1997 can converge with relevant provisions in the Basic Law. Hong Kong's financial reserves are the savings of the hardworking Hong Kong people. They are the common wealth of Hong Kong people, and they are very important for maintaining Hong Kong's stability and prosperity. We will keep a close watch on how the money will be spent, and come up with suggestions about how it will be transferred. The land fund is also an important asset. The management of this fund by the Chinese mission of the Sino-British Land Committee and the Fund's Secretariat has been remarkable. But since the management and the organization of the fund after 1997 have yet to be determined, the fund now faces some problems regarding managers and investment decisions. We maintained that we are duty-bound to come up with suggestions for the Preparatory Committee regarding the transfer of the land fund and the convergence of management before and after 1997.

4. Financial stability, including the stability of the Hong Kong currency, is very important for overall stability and prosperity. One of my subcommittee's important responsibilities is to study and keep a close watch on the issue. The foreign exchange fund is the foundation of the

stability of the Hong Kong currency and entire financial situation. People in Hong Kong—and naturally we are no exception—are watching closely how the foreign exchange fund has been managed. We will also come up with suggestions regarding the smooth transfer of the foreign exchange fund.

5. Hong Kong's economic operations proceed on the basis of law. Those provisions in the current laws which contravene the Basic Law should be amended. My subcommittee will actively coordinate with the work of the legal affairs subcommittee and will provide it with some ideas of a policy nature from the angle of the economic and financial professions.

6. Economic relations between Hong Kong and the interior of China. As the day for the return of Hong Kong to the motherland is drawing nearer and nearer, relations between the two places have become increasingly closer, and their mutual influence has also become increasingly higher. My subcommittee attaches close attention to the compatibility of economic development in Hong Kong and the interior of China, and we will study this issue and come up with views. After Hong Kong has been returned to the motherland, economic relations between the two places should be even closer. To keep pace with the economic development in the 1990's and even the 21st century, the two places will have more large infrastructure projects. Considering the two places' long-range economic development, properly coordinating large construction projects will have a positive role in avoiding redundant construction, lowering costs, achieving higher economic efficiency, and helping the two places develop together through learning from each other's strengths to off set their weaknesses. Thus, my subcommittee has decided to study this issue. We will also study and come up with views on how the "one country, two systems" principle and provisions in the Basic Law should be implemented by the interior of China and Hong Kong when they conduct economic contacts after 1997.

7. The transfer of government assets is an important part of the transfer of government power. Thus, my subcommittee will keep a close watch on the sales and transfers of the ownership of important government assets during the latter stage of the transitional period.

8. Other matters that should be attended to. While drawing our agenda, members of our subcommittee also came up with some other suggestions. After discussion, we hold that they should not be incorporated into our agenda because those suggestions deal with matters irrelevant to our subcommittee. For example, the HKSAR's industrial and scientific-technological policies and labor policy after 1997. These fall within the HKSAR's autonomy after 1997 and should be determined by the HKSAR government itself.

Commenting on drawing up work assignments and determining the methods of work, Fang Huang Jiwen

said: After the assignments have been drawn up, we will make specific plans for carrying them out according to their urgency.

For the first step of my subcommittee's actual operations, we have decided to set up four research groups, and they will proceed with their work immediately. These four groups will be responsible for studying issues on the new airport, coordinating the large infrastructure projects in Hong Kong and interior China, banking and financial issues, and retirement benefits.

Fang Huang Jiwen said: We will actively coordinate our operations with the operations of other subcommittees of the preparatory committee. Meanwhile, we will strive to obtain the active support and coordination from relevant departments and committees of the State Council, from relevant provinces and municipalities, as well as from local Hong Kong authorities so that the two places can demonstrate their strengths and accomplish their work together. She added: We have decided that, in addition to the fact subcommittee members will join various research groups to take part in various projects, all research groups may invite or hire professionals or institutions in Hong Kong or interior China to take part in specific projects so that the research can proceed faster and become more effective.

Social, Security Issues Viewed

OW1112014093 Beijing XINHUA Domestic Service in Chinese 1107 GMT 9 Dec 93

[Text] Beijing, 9 Dec (XINHUA)—Fan Xu Litai, head of the special panel in charge of social and security affairs under the Preparatory Work Subcommittee for the Hong Kong Special Administrative Region [SAR] Preparatory Committee, issued a work report today at the Second Plenary Session of the Preparatory Work Subcommittee.

Fan Xu Litai stated: The tasks for the special panel in charge of social and security affairs should be as follows: To study social and security matters which may possibly have a great impact on the Hong Kong SAR's interests in terms of the smooth transfer of political power and stable transition in Hong Kong after 1997, and to put forward opinions and suggestions and make preparations for the Hong Kong SAR Preparatory Committee in handling these matters. After discussions, the panel decided to focus its future work on studying matters in four areas: exit and entry, public order, discipline enforcement troops, and social services.

While talking about the exit and entry issue, Fan Xu Litai stated: Concerning the issuance of the special region's passports and travel documents, members of the committee unanimously agree that matters regarding the preparation, management, and issuance of the special region's passports and travel documents, as well as those concerning permanent residency, are of common concern to Hong Kong residents and constitute rather complicated and difficult tasks. With less than four years remaining before 1 July 1997, these issues appear

increasingly urgent and need to be studied immediately. As regards mainland-born children of permanent Hong Kong residents who want to live in Hong Kong, members of the committee are of the opinion that, in accordance with Article 24 of the Basic Law, mainland-born children of permanent Hong Kong residents have the legal right to live in Hong Kong beginning 1 July 1997. To avoid a situation in which a large number of residents will rush to Hong Kong simultaneously, it is necessary to devise a practical way to properly solve this problem in a planned and step-by-step manner.

While discussing the public order issue, Fan Xu Litai said: As regards cooperation between the mainland and Hong Kong law enforcement departments in cracking down on crime, it is the opinion of committee members that the British Hong Kong Government is responsible for Hong Kong's public order before 1997, and the Hong Kong SAR Government is responsible after 1997. Cooperation between the mainland and Hong Kong law enforcement departments in cracking down on crime is very important to maintaining Hong Kong's public order and stability. Therefore, this issue needs to be studied. Concerning the issue of the Hong Kong SAR Government requesting the central people's government enlist locally stationed troops to maintain public order and provide disaster relief should the need arise, committee members are of the opinion that locally stationed troops are primarily responsible for performing the Hong Kong SAR's defense duties, which embody state sovereignty and fall within the authority of the central people's government. The issue of enlisting locally stationed troops in upholding the law should be studied by the panel in charge of legal affairs according to the principle of division of work. The social and security panel is only responsible for studying security-related matters in stationing troops; that is, it is responsible for studying how to implement the relevant provisions of paragraph three, Article 14 of the Basic Law.

As regards the issue of discipline enforcement troops, Fan Xu Litai said: Committee members unanimously agree that the confidence problem of discipline enforcement troops (including the Police Force, the Customs Department, the Fire Service Department, the Correctional Service Department, the Immigration Department, and the Commission Against Corruption) cannot be neglected if a smooth transition is to be effected. Putting them to work without any worry is a matter that should be studied by this panel. Moreover, committee members believe discipline enforcement troops suffer morale problems and personnel losses. If allowed to continue, these problems will affect a smooth transition. The panel should study this matter.

On social services, Fan Xu Litai discussed the following three issues:

1. The social welfare system. Committee members are of the opinion that social welfare issues, including medical and health care, affect the vital interests of each and every Hong Kong resident. The Basic Law has clear

provisions on this issue. This panel will study concrete ways to implement the provisions.

2. Retirement security. Committee members consider retirement security very important. Herein lies the question of establishing a common reserve fund. Because of the Hong Kong Government's announcement last year of its intention to implement a private retirement security plan, the question of establishing a central common reserve fund has become an issue of common concern to Hong Kong's society, especially the labor sector. The questions of whether a central common reserve fund can be instituted, whether the Hong Kong Government should consult China before establishing such a fund, whether this plan can be continued after 1997, and whether the plan will impose a financial burden on the SAR government, deserve to be studied by this panel.

3. Labor policy. Committee members are of the opinion that labor policy should be studied as a separate issue because Hong Kong's economic structure is now shifting from manufacturing to service. Along with economic development, a third industrial transformation will probably result in industries based on high technology and technology-intensive industries. For this reason, 600,000 people are expected to face job reassignment and retraining as a result of economic restructuring over the next few years. This issue will effect a smooth transition.

Subcommittee Head Examines Legal Issues

OW112195493 Beijing XINHUA Domestic Service in Chinese 1121 GMT 9 Dec 93

[Text] Beijing, 9 Dec (XINHUA)—Shao Tianren, director of the Legal Affairs Subcommittee of the preliminary working committee for setting up the Hong Kong Special Administrative Region [HKSAR] Preparatory Committee, delivered a work report at the Second Plenary Session of the preliminary working committee today.

Commenting on his subcommittee's missions, Shao Tianren said: In accordance with the Basic Law's Article 160, when the HKSAR is established, all existing laws in Hong Kong—except those laws that are declared by the National People's Congress [NPC] Standing Committee as contradicting the Basic Law—will be adopted as laws for the HKSAR. We hold that, to implement this regulation, the legal affairs subcommittee should carry out a comprehensive study on all existing Hong Kong laws, find out which laws' contents contradict the Basic Law, and come up with suggestions to deal with them. Members of my subcommittee also pointed out in their discussion: During the transitional period, the British Government in Hong Kong has made—without consulting with the Chinese side—many major changes in the laws. While studying all existing Hong Kong laws, the legal affairs subcommittee will particularly check whether or not these major legal amendments contradict the Basic Law, and should make responsive proposals.

Commenting on the Basic Law and the implementation of certain national laws applicable in Hong Kong, Shao Tianren said: Members of my subcommittee held that specific legal provisions should be drawn up for the implementation of certain principles in the Basic Law on 1 July 1997. According to the Basic Law, certain national laws are applicable in the HKSAR as part of the HKSAR laws, specific procedures for implementing them and coordinating them with Hong Kong's legal system should also be drawn up. My subcommittee will study all these issues and come up with views or suggestions.

Shao Tianren said: Members of my subcommittee held that the subcommittee's major tasks are as follows: 1) Study existing laws of Hong Kong and come up with views on handling those which contradict the Basic Law. 2) Study the implementation of the Basic Law and certain national laws that are applicable in the HKSAR as stipulated in the Basic Law, and come up with proposals.

Commenting on the scope of the legal affairs subcommittee's work, Shao Tianren said: We have discussed the scope of our responsibilities in light of the aforementioned tasks. We all agreed that five special projects should initially be incorporated with our plan:

1. The project of amending those terms in the existing Hong Kong laws that contradict the Basic Law. These special projects aim primarily at removing certain terms in the existing laws, such as "queen of England" and "colony;" substituting "governor" and "chief secretary" by "administrative officer" and "director of government affairs department." Of course, some terms cannot simply be replaced by other standardized terms. Thus we will study the actual situations and come up with suggestions.

2. The project of nullifying and amending those laws or provisions which contradict the essence of the Basic Law, or enacting new laws and provisions to replace them. This project mainly deals with the essence of the written statutes which contradict the Basic Law. In this regard, some laws will be abolished. However, only some of the articles and provisions in other laws contradict the Basic Law. In this case, we will amend the relevant articles and provisions so that they will be in line with the Basic Law.

3. The project of applying in Hong Kong certain British laws applicable in Hong Kong. This project mainly deals with the issue about certain British laws that are applicable in Hong Kong. This issue involves two situations: first, applying certain British laws in Hong Kong for reference purposes; and second, directly applying in Hong Kong certain British laws in their entirety. After 1997, Hong Kong society will still need some of these British laws and regulations, but they cannot continue in their existing formats. This calls for the need to turn them into local Hong Kong laws.

4. The project about the need for garrison troops to follow the HKSAR's laws. Under Hong Kong's existing

laws, British garrison troops in Hong Kong are entitled to many privileges and immunities, such as special protection for military camps and facilities, tax exemption for military land, tax exemption for soldiers' salaries, and preferential treatments for military vehicles and vessels. Members of my subcommittee held that while they will study the retention of these laws and their applicability in the future, they will also study how to ensure garrisoned troops will obey the HKSAR's laws as well as issues concerning judicial jurisdiction so that garrison troops will have rights to enjoy and obligations to fulfill while performing their defense responsibilities.

5. The project of implementing Annex III of the HKSAR's Basic Law. The Basic Law's Annex III prescribes the national laws to be implemented in the HKSAR and procedures to increase or decrease these laws. Therefore, this project covers two areas: First, studying Annex III and see whether there should be any increase or decrease of the national laws according to the actual situation; and second, studying the applicability of those national laws mentioned in Annex III in the HKSAR—such as the nationality law, the national flag law, and the national emblem law—to ensure their successful implementation in the HKSAR. Shao Tianren said: If necessary, other special projects will be added in the future.

Government Affairs Report Delivered

OW1212200893 Beijing XINHUA Domestic Service in Chinese 1140 GMT 9 Dec 93

[Text] Beijing, 9 Dec (XINHUA)—Liang Zhenying, head of the Administrative Affairs Subcommittee of the preliminary working committee for setting up the Hong Kong Special Administrative Region [HKSAR] Preparatory Committee, delivered a work report on his subcommittee at the second plenary session of the preliminary working committee today.

Liang Zhenying spoke on the following eight issues:

1. The mission of the administrative affairs subcommittee. Members of our subcommittee pointed out: The HKSAR Basic Law, the National People's Congress [NPC] "Decision on Procedures of Establishing the First Government and Legislative Council of the HKSAR," and the decision of the NPC and its Standing Committee on establishing a preliminary working committee for setting up the HKSAR Preparatory Committee should serve as the legal basis for the subcommittee's mission. According to the law and the decisions, our subcommittee's mission is to offer views and suggestions for the smooth transfer and peaceful transition of government power in 1997. They also pointed out: Our subcommittee's mission has determined our priority, namely studying how the current political system can converge with the Basic Law, how the HKSAR's executive, legislative, and judicial organs will be produced; and how to carry out the principle that the executive branch play the leading role.

2. Matters relevant to the setting up of the HKSAR Preparatory Committee. Members of our subcommittee held that, in accordance with the relevant decisions of the NPC and its Standing Committee, the preliminary working committee should work out concrete plans for establishing the HKSAR Preparatory Committee and submit these plans to the NPC for reference.

3. Specific procedures for producing the first government. The "Decision on Procedures for Establishing the First Government and Legislative Council of the HKSAR" adopted by the NPC in April 1990 has specific provisions on the procedures. Members of our subcommittee held that their mission is to study and specify the relevant provisions in the decision and the Basic Law. These provisions cover the following points:

(1) The procedures for establishing the nomination committee for the first government. The NPC's relevant decisions have provided that the nomination committee will be composed of 400 people from four sectors, with each sector accounting for 25 percent of the components. The issues that need to be studied now are how to allocate and fulfill the quota of each sector and how the committee members are elected.

(2) How and when the first chief executive will be nominated. Members of our subcommittee held that they need to study ways of nominating the first chief executive through consultations or through postconsultations nomination and election. Considering the fact that major officials and executive council members of the first government will be appointed or nominated by the chief executive, it is necessary to study the schedule for selecting the chief executive so he will have enough time to organize the first HKSAR Government by 1 July 1997.

(3) The schedule and procedures for submitting the chief executive and major government officials of the first government to the central people's government for appointment.

(4) Issues concerning the first Executive Council. Members of the subcommittee maintained that as Article 54 of the Basic Law stipulates that the Executive Council is a body that assists the chief executive in making decisions, study should be carried out not only to find ways this function can be exercised to reflect the principle that the executive branch plays the leading role, but also to study the number of council members and the percentage of the components.

(5) The formation and functions of the first government organs and statutory and consultative organizations. Members of the subcommittee maintained that study has to be conducted on changes of political structures and on the functions of executive organs because these issues involve some government departments which will become corporations or be privatized before 1997.

4. Procedures for forming the first legislative council. Members of the subcommittee hoped that China and

Britain would reach an agreement on the 1994-95 election in Hong Kong because it would facilitate a smooth and steady transition. Considering the fact that talks between China and Britain are proceeding, the discussion over the procedures for forming the first legislative council may be shelved for the time being. However, if the British Hong Kong Government tables its "political reform" package to the Legislative Council for discussions before an agreement is reached in the Sino-British talks, this subcommittee must immediately study the proposals about the procedures for forming the first legislative council and submit the study results to the plenary session for discussion. The procedures should be based on the relevant provisions in the Basic Law, and they must be in line with the principles prescribed in the NPC decision that they must reflect state sovereignty and they must ensure a smooth and steady transition.

5. Issues about stabilizing the ranks of civil servants and connecting the relevant systems. Members of the subcommittee hoped that the ranks of civil servants can be stabilized and their proficiency maintained after 1997. The issues discussed included:

(1) Measures for stabilizing the ranks of civil servants. Members of the subcommittee maintained that more study should be conducted over issues of civil servants' concern, such as the establishment of a fund for their lifelong pension.

(2) How civil servants maintain their political neutrality. Members of the subcommittee pointed out: Any move that disintegrates the ranks of civil servants by undermining their political neutrality will constitute a major change in Hong Kong's existing civil service system and will not be conducive to the stability of the ranks of civil servants and the effective functions of executive organs. Thus, whether civil servants should be allowed to take part in political activities also warrants study.

(3) Retaining the existing system on recruiting and hiring civil servants. Members of the subcommittee pointed out: Article 103 of the Basic Law already has specific provisions in this regard. The recent measures taken by the British Hong Kong Government to reclassify [zhuan zhi 6567 0455] overseas contract civil servants and consolidate the terms for hiring civil servants are major changes to Hong Kong's existing civil service system and have aroused anxiety and concern among civil servants. The hiring of local-born people to be civil servants has also become a common concern. Pursuant to Article 103 of the Basic Law, we will study any move meant to change the existing civil service system.

(4) Issues of restricting principal officials' qualifications for office, specifically implementing the restrictions prescribed in Article 101 of the Basic Law governing principal officials' nationality or right of abode overseas, including the necessary measures for the "plan on right of abode in Britain."

6. Relations between executive and legislative departments. Members of the subcommittee pointed out: Hong

Kong has always been a place where the executive branch plays the leading role. The Basic Law has designed a political system for this special administrative region in full compliance with this principle. The subcommittee members maintained that the question should be studied from the perspective of implementing this principle in strict compliance with provisions in the Basic Law.

7. The issue of the transition of judicial organs and the court of last instance. Members of the subcommittee held that this issue must be studied because the transition of judicial organs is important for a steady transition of Hong Kong and for the smooth transfer of political power in 1997.

8. Issues concerning contradictions between the existing political system and the Basic Law and on opinions for handling them. Members of the subcommittee maintained that, to ensure a smooth transfer of political power in 1997, study should be conducted to see whether there is anything in the current political system that contradicts the Basic Law, and if there is, they should come up with ways and means for handling it.

Measures for Stability Discussed

OW1012142793 Beijing XINHUA in English 1411
GMT 10 Dec 93

[Text] Beijing, December 10 (XINHUA)—Delegates to the Second Plenary Session of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region voiced strong indignation against Britain's sabotage of bilateral talks on elections in Hong Kong and the smooth transition in Hong Kong.

They also held heated discussions on how to meet the challenge presented by Hong Kong Governor Chris Patten.

Participants said that they had expected the breakdown in the 17th round of Sino-British talks because the British side from square one showed no sincerity.

The delegates said the aim of the British side was to turn Hong Kong into an independent entity that is difficult to control when China resumes sovereignty over Hong Kong in 1997. The goal of that ploy is to allow Britain to maintain a degree of influence over Hong Kong after the transition.

The behavior of the British side proved the correctness of the predictions made by Deng Xiaoping, said some members of the committee. Deng once said that British colonialists habitually sowed seeds of "unrest" each time the United Kingdom pulled out of a former colony.

Chris Patten's constitutional package is another restaging of the long-time British imperialist role, they said.

The delegates said it's time to abandon illusions and face bravely the realities and difficulties that may crop up in the three years ahead.

Some members expressed confidence in a smooth transition, pointing out that the fate of Hong Kong is tied to that of the mainland, whose economic situation is very good now.

They shared the view that the Preliminary Working Committee should speed up its work and do every job well.

Lu Ping, vice-chairman and secretary general of the committee, said that plans should be made in the event that the British side does not cooperate on economic matters as well.

Quite a few members stressed the need to guard against all kinds of possible unrest, whose "seeds" the British side is sowing now.

One member proposed that forces in all sectors of society should be mobilized to participate in the work of the preliminary committee in order to rally the strongest force possible to check all attempts at sabotaging the stability and prosperity of Hong Kong and its smooth transition.

Communique Issued at End of Meeting

OW1112112593 Beijing XINHUA in English 1053
GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—The Second Plenary Session of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region expressed China's strong dissatisfaction over H.K. Governor Chris Patten's tabling the partial reform bill to the Legislative Council.

The session, which closed here today, said in its press communique that the British side sabotaged the Sino-British talks on Hong Kong's 1994 and 1995 elections by submitting the constitutional bill to the Legislative Council before China and Britain reached an agreement.

All the 57 members of the committee attended the meeting, which started on December 9. Qian Qichen, Chinese vice-premier and director of the committee, presided over the meeting. Chinese Premier Li Peng and Vice-Premier Li Lanqing took part in the closing ceremony at which Li Peng made a speech.

The delegates said that the act of the British side was irresponsible for the 6 million H.K. residents, deliberately stirred up disorders in Hong Kong and made barriers for the smooth transition.

Under such circumstances, the preliminary working committee must step up its work on different fields, the meeting said.

The communique says that the smooth transition and long-term stability and prosperity of Hong Kong would

be assured as long as China sternly sticks to and carries out the basic law and widely unites the H.K. people from all walks of life to participate in the preparatory work of the Hong Kong Special Administrative Region.

All the policies and principles to solve the problems concerning Hong Kong's future on the basis of "one country, two systems" have been comprehensively and systematically expounded in the Third Volume of the Selected Works of Deng Xiaoping, the communique says. The inference that some problems might crop up during the transition period is farsighted and of great importance to guide the committee's preparatory work.

The meeting discussed and approved in principle the reports submitted by its five panels, on politics, economy, laws, culture, society and public security.

The communique says that the panels' work plans have laid a good foundation for the future preparation work because the panels have taken into consideration both the smooth transition and power handover in 1997 and the interests of Hong Kong patriots.

The meeting also drew up plans for the panels' work in the first half of 1994.

It was decided that the Third Plenary Session of the Committee would be held in Beijing in July, 1994.

'Irrational Wording' Deleted

HK1112074093 Hong Kong MING PAO in Chinese 11 Dec 93 p 2

[Report: "Irrational Wording Against Hong Kong Government Deleted From Communique To Be Issued by the Preliminary Working Committee"]

[Text] The three-day Second Plenary Session of the Preliminary Working Committee (PWC) ends today. Committee members will finalize the communique for the session at the meeting and the communique will be published today. According to reports, the chairmanship meeting of the PWC made important revisions to the draft of the communique in two places. On the one hand, the British Hong Kong Government's decision to unilaterally submit the partial constitutional reform bill to the Legislative Council [Legco] is criticized more explicitly and with a loftier stance. The wording is basically similar to the statement made by the Chinese Foreign Ministry yesterday.

On the other hand, some emotional wording condemning the Hong Kong Government has been deleted in a bid to establish the confidence of Hong Kong people in the PWC by means of a realistic and rational approach.

The Chinese Foreign Ministry spokesman yesterday described the British Hong Kong authorities' act gazetizing the partial constitutional reform bill on schedule as another serious step taken to intentionally sabotage the Sino-British talks on the 1994-95 electoral arrangement

for Hong Kong, ignoring the opposition and warnings of the Chinese side. The spokesman reiterated that if the British Hong Kong authorities submitted the "constitutional development bill" to Legco before an agreement is reached in the Sino-British talks, this means the termination of the talks, and the British would bear all of the consequences arising therefrom.

Beijing's radio stations and television stations also broadcast the above information yesterday, but it was not broadcast as the most important item.

It was learned that the first revision made to the draft of the communique by the PWC chairmanship meeting yesterday was in a sentence where the PWC pays close attention to the fact that the British Hong Kong Government has unilaterally submitted the partial constitutional reform bill to Legco, and the words "pays close attention to" were replaced by "are strongly resentful of."

The second revision was one condemning the British Hong Kong Government for submitting the partial constitutional reform bill, and all emotional wording stating that the act was "an attempt to leave hidden dangers behind and to profit from others' conflict and we should have a high vigilance against this" was deleted from the draft of the communique.

However, the revised communique still has a clear-cut stand. The communique describes the British Hong Kong Government submission of the partial constitutional reform bill to Legco as a serious step to intentionally sabotage the Sino-British constitutional talks on the 1994-95 electoral arrangements for Hong Kong. The communique criticizes the move of the British side as being irresponsible to the 6 million Hong Kong people and as creating chaos in Hong Kong and setting up obstacles to a smooth transition.

The communique makes it clear that under the above situation the PWC will speed up its work. However, the communique does not explain in detail how it will do so. It only expresses that the PWC will follow the Basic Law and will unite with various strata in Hong Kong to participate in preparations for the establishment of the Hong Kong Special Administrative Region and so that a smooth transition can be realized.

The communique also says the third plenary session of the PWC will be held in Beijing in July next year. The five subcommittees (political affairs, economic, security and social welfare, legal affairs, and cultural subcommittees) have worked out plans for work in the first half of next year. However, the communique has not listed the relevant plans in detail. The communique also speaks highly of the comments and expositions on the Hong Kong issue in the third volume of the Selected Works of Deng Xiaoping. The communique says that the inference of the selected works on problems which may emerge during the transitional period of Hong Kong is highly far-sighted and is of great significance in guiding the work of the PWC.

Premier Li Peng and Vice Premier Li Lanqing of the Chinese State Council will attend today's closing session of the PWC. The communique says Li Peng will deliver an important speech at the closing session.

Further on Meeting Closure

OW1112151693 Beijing XINHUA in English 1412
GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—The Second Plenary Session of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region ended here today.

The session released a communique and approved five work plans on political, economic, cultural, legal and social security affairs.

Addressing the closing ceremony of the gathering, Premier Li Peng said that it is hard to predict that the relationship between China and Britain in fields other than the Hong Kong issue will not be affected since the British Government has adopted an unfriendly and unco-operative attitude.

"However, whatever happens will not affect the resolution and confidence of the Chinese Government to resume sovereignty over Hong Kong, and maintain its stability and prosperity," he said.

Qian Qichen, chairman of the preliminary working committee, stressed that it is very important to comprehend fully and correctly the stand and policies expounded by Deng Xiaoping, on behalf of the Chinese Government, on the question of Hong Kong.

Lu Ping, vice-chairman and secretary general of the committee, delivered a report on the committee's work plan for the first half of next year.

He said that after the current session the committee will begin to embark on concrete work in all aspects. Priority will be given to the matters that are the most urgent, draw the most public concern and are relatively easy to reach consensus.

The group deliberating political affairs should study ways to set up the first legislative council. If time allows, the group will proceed to study the relationship between administration and legislation, and form a mechanism of mutual restriction and co-operation between the administrative council and the legislative council, with the administrative one the dominant of the two.

The economic group should focus on four issues: drafting regulations on airport management; management of land funds after 1997; management of traffic between Shenzhen and Hong Kong and the accumulated funds of the central government.

The legal affairs group will concentrate on the examination of the laws pertaining to the judicial system in the original laws of Hong Kong.

The group on cultural affairs will study the question of spreading knowledge of the Basic Law as well as compiling textbooks on history, geography and other subjects.

The social security group will study problems on entry to and departure from the territory, and the definition on permanent residency.

The three-day meeting also issued a communique, which expressed strong indignation over the actions of the British side and the determination to ensure a smooth transition and long-term stability and prosperity for Hong Kong.

Li Peng Stresses Sovereignty, 'Prosperity'

OW1112103293 Beijing XINHUA in English 1008
GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—Chinese Premier Li Peng reiterated here today that the Chinese Government's determination and conviction to resume its sovereignty over Hong Kong and maintain Hong Kong's prosperity will not be affected by whatever occurrence.

Li Peng made the remark at the closing meeting of the Second Plenary Session of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region.

He noted that in the 17 rounds of talks between China and Britain, the Chinese side made unremitting efforts to seek an early agreement, and even when the negotiations were in deadlock and facing breakdown, the Chinese side still maintained its positive attitude to find the possibility of continuing the talks.

He stressed that the Chinese Government had a sincere wish for cooperation with the British Government in the realization of the smooth transition of Hong Kong.

However, he said, the British side unilaterally broke off the negotiations and it arbitrarily decided to submit parts of the legislative bill to the Legislative Council of Hong Kong for discussion.

He said that all consequences arising therefrom should be borne by the British Government.

The 17 rounds of talks showed that the differences between the Chinese and British sides are not a question of democracy, but are a question of keeping pledges to the original agreements between the two sides, a question of guaranteeing the smooth transition of Hong Kong, and a question of maintaining the long-term prosperity and stability of Hong Kong, and maintaining the long-term interests of the people in Hong Kong, he added.

He urged the preliminary working committee to study concrete methods for the formation of the first legislative body of the Hong Kong Special Administrative Region and for solving other urgent problems, and to produce drafts according to the decisions of the Chinese national

people's congress and the basic law of the Hong Kong Special Administrative Region.

Vice-Premier and Foreign Minister Qian Qichen said at the meeting that although cooperation and relations between China and Britain suffered damages, there were still favorable conditions between the two sides.

He noted that the favorable conditions are still predominant in the relations between the two sides.

He said that China's constant economic growth and political stability were the most favorable condition.

He said that during the plenary session of the preliminary working committee, the members examined the reports and the working plans from various panels.

He said that after the meeting, the preliminary working committee will enter a phase of studying various preparatory work in details and in depth.

The meeting of the directors of the panels held that it is absolutely possible to complete drafts on some concrete problems in the first half of next year, Qian added.

Further on Li Peng Remarks

OW1112131493 Beijing XINHUA in English 1259 GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—Chinese Premier Li Peng reiterated here today that the Chinese Government's determination to resume its sovereignty over Hong Kong and maintain the territory's prosperity will not be affected no matter what happens.

He made the remark at the closing meeting of the Secondary Plenary Session of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region (SAR).

He first spoke highly of and affirmed the work of the preliminary working committee. On behalf of the Chinese Government, he expressed thanks to the members for their work for Chinese mainland and Hong Kong.

Li noted that the purpose of the talks on the arrangement for the 1994/95 elections between the representatives of the Chinese and British governments is very clear, that is, to discuss how to connect the 1994/95 elections of the district boards and municipal councils and the Legislative Council in Hong Kong to the Basic Law of the Hong Kong SAR, on the basis of the Sino-British Joint Declaration, the principle of convergence with the Basic Law and the agreements and understandings reached between the Chinese and British sides.

He said that the district boards, municipal councils and the Legislative Council in Hong Kong should eventually become the first session of the Legislative Council and regional organizations in the Hong Kong SAR after July 1, 1997 in a bid to ensure the smooth transition of the constitutional system.

He pointed out that in the 17th round of talks the Chinese side made unremitting efforts to reach an early agreement, and even when the negotiations were deadlocked and before the breakdown of the talks, the Chinese side still maintained a positive attitude about seeking the possibility of continuing the talks.

He noted that the Chinese Government has a sincere desire for cooperation with the British Government for the realization of a smooth transition in Hong Kong.

However, he said, the British side unilaterally broke off the negotiations and arbitrarily decided to submit parts of the constitutional bill to the Legislative Council of Hong Kong for discussion.

He said that all consequences arising therefrom should be borne by the British Government.

The 17th round of the talks showed that the differences between the Chinese and British sides are not a question of democracy, but are a question of keeping faith with the original agreements made between the two sides, a question of guaranteeing the smooth transition of Hong Kong and transfer of power in Hong Kong as well as the question of maintaining the long-term prosperity and stability of Hong Kong, and maintaining the long-term interests of the people of Hong Kong, he added.

He urged the preliminary working committee to study concrete methods for the first session of the Legislative Council of the Hong Kong SAR and other urgent problems, and present suggestions in accordance with the decisions of China's National People's Congress and the Basic Law of the Hong Kong SAR.

He said that at present the situation in China is good, characterized by "economic development, political stability, unity of nationalities and social progress".

He stressed that the prosperity and stability on the mainland have greatly promoted the prosperity of Hong Kong. He noted that the economies of Hong Kong and the mainland can not be separated from one another.

He said that China's policies of reform and opening to the outside world and economic prosperity are playing, and will continue to play a decisive role in maintaining of the prosperity and stability of Hong Kong.

Beijing Radio on Li's Address

OW1112123893 Beijing Central People's Radio Network in Mandarin 1030 GMT 11 Dec 93

[From the "National Hookup" program]

[Text] Addressing the Second Plenary Session of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region [HKSAR] this morning, Premier Li Peng pointed out: The differences between the Chinese and British sides are not a question of having democracy, but are a question of keeping pledges, a question of guaranteeing

Hong Kong's smooth transition and its successful hand over of the political power, and a question of maintaining Hong Kong's long-term stability and prosperity and thereby safeguarding the long-term interests of its six million people.

The Second Plenary Session of the Preliminary Working Committee for the HKSAR Preparatory Committee closed in Beijing today.

Premier Li Peng and Vice Premier Li Lanqing attended the closing meeting. Premier Li Peng gave an important speech on the Hong Kong issue and the domestic situation.

In his speech, Li Peng emphatically pointed out: The representatives of the Chinese and British Governments had specific goals in holding talks on the arrangements for Hong Kong's 1994/1995 elections, namely, based on the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the agreements and understandings already reached between the two countries, to discuss ways to achieve convergence of the Hong Kong Legislative Council, district boards, and two municipal council, to be elected in 1994 and 1995, with and the Basic Law, so that they will become the HKSAR's first-term legislative body and regional organizations after 1 July 1997 to facilitate Hong Kong's smooth political transition.

Li Peng said: In the 17 rounds of talks between China and Britain, which lasted for more than 7 months, the Chinese side made unremitting efforts to seek an early agreement, and even when the negotiations were in deadlock and facing breakdown, the Chinese side still maintained its positive attitude to find the possibility of continuing the talks. This Chinese Government position and action as described above fully show that we sincerely wished for cooperation with the British Government in the realization of Hong Kong's smooth transition. However, the British side deliberately complicated the issue, unilaterally broke off the negotiations, and brazenly decided to submit parts of the legislative bill to the Legislative Council before the two sides reached an agreement.

Li Peng pointed out: All consequences arising therefrom should naturally be borne by the British Government. Frankly speaking, it is hard to say that the unfriendly, uncooperative attitude of the British will not affect relations between China and Britain in other fields.

Li Peng stressed: The Chinese Government's determination and conviction to resume its sovereignty over Hong Kong and maintain Hong Kong's prosperity will not be affected by whatever occurrence.

Li Peng said: Safeguarding Hong Kong's prosperity and stability and accomplishing successful transition of the political power are a major task vital to the immediate interests of the six million people in Hong Kong. Members of the committee are duty-bound to discharge this heavy responsibility. Now, the Preliminary Working

Committee should step up the study of concrete methods for the formation of the first HKSAR legislative body and for solving other urgent problems, and to produce feasible programs according to the NPC decisions and the relevant provisions of the Basic Law.

Touching on the domestic situation, Li Peng said: At present, the situation in China is good. It can be summarized in 16 characters—having economic development, political stability, national unity and social progress [jing ji fa zhan, zheng zhi wen ding, ming zu duan jie, she hui jing bu].

He pointed out: Hong Kong's economy and mainland's economy have become an inseparable entity. Reform, opening up and economic prosperity in our country has played and certainly will continue to play a decisive role in promoting stability and prosperity in Hong Kong.

Qian Qichen, vice premier of the State Council and head of the Preparatory Working Committee, presided over the meeting and delivered an opening speech.

Qian Qichen pointed out: After the plenary session, the preliminary working committee will enter a phase of studying preparatory work in a concrete manner. He expressed his belief that, through the work of the preliminary working committee, more and more people will consciously stand on the side of protecting stability, prosperity and smooth transition in Hong Kong. They will directly or indirectly take part in preparatory work for the establishment of the Hong Kong Special Administrative Region.

A press communique was announced at the meeting. The communique says: Participants in the session discussed the current situation in Hong Kong, expressed strong dissatisfaction over the serious step taken by the British side to submit parts of the political reform bill to the Legislative Council in Hong Kong before an agreement was reached by the Chinese and British Governments. The session held that it was the British side's intentional sabotage of the talks for arranging the 1994-1995 election in Hong Kong. The members of the committee pointed out: The action taken by the British side reflects its extremely irresponsible attitude toward the 6 million residents in Hong Kong, its arbitrarily creating confusion in Hong Kong and its setting up obstacles for the smooth transition of power in Hong Kong. Under such circumstances, the preparatory working group must speed up various preparatory work.

The communique says: The exposition on the Hong Kong issue in the Third Volume of the Selected Works of Deng Xiaoping has fully and systematically explained China's various principles and policies to solve various issues concerning the future of Hong Kong based on the general principle of one China, two systems. The judgment on possible happening of problems during Hong Kong's transitional period has a high degree of foresight and has an importance guiding significance to doing well various preparatory work by the preparatory working group.

The session examined work reports by the five special teams in the fields of political affairs, economic work, legal affairs, cultural work and social security. The participants discussed and approved in principle the work plans of various special teams.

The session decided that the third plenary session of the Preliminary Working Committee will be held in Beijing in July 1994.

Qian: 'Favorable Elements' Still Exist

OW1112151093 Beijing XINHUA in English 14:9
GMT 11 Dec 93

[Text] Beijing, December 11 (XINHUA)—Vice-Premier Qian Qichen said here today that although Sino-British co-operation has been undermined, there still exist many favorable elements for the preparatory work for the establishment of Hong Kong Special Administrative Region (SAR).

He told this to the second plenary session of a body of the National People's Congress Standing Committee, the Preliminary Working Committee for the Preparatory Committee of the Hong Kong SAR.

Qian said, "the most favorable elements are China's ever-growing economy and increasing political stability."

He expressed the belief that with the Chinese Government's efforts and the advent of 1997, more and more people will either back the maintenance of Hong Kong's stability, prosperity and smooth transition, or take a direct or an indirect part in various preparations for the establishment of the Hong Kong SAR.

Before the plenary session the British side had deliberately undermined Sino-British talks on the arrangement for elections to be held in Hong Kong in 1994-95, he said.

Without reaching an agreement, the British side had decided unilaterally to submit parts of the "political reform bill" to the legislative council in Hong Kong for deliberation, added Qian, who is also China's foreign minister.

In view of these serious incidents, members of the preliminary working committee agreed that the committee should step up its work, and in particular should begin immediately to discuss how the first legislative council in Hong Kong should be formed.

He said that nine talks given by Deng Xiaoping on the Hong Kong question are contained in Volume Three of *The Selected Works of Deng Xiaoping*.

The vice-premier cited these talks as classic expositions on the basic stand, principles and policies of the Chinese Government with regard to the Hong Kong question.

The study of these talks is essential to a correct understanding of the stand, principles and policies concerning

Hong Kong expounded by Deng on behalf of the Chinese Government, to the fulfillment of the mission entrusted by the National People's Congress to the preliminary working committee, and to the successful preparations for the resumption of China's sovereignty over Hong Kong.

"The Hong Kong question is a question left over from history," Qian said.

He noted that considerations of the future of Hong Kong must proceed from the basic fact that Britain has occupied Hong Kong, a part of China, for more than 100 years, while the crux of the matter is that China must resume its sovereignty over Hong Kong.

According to Qian, the Chinese Government's policy regarding Hong Kong is based on the policy of "one country, two systems," which includes four aspects.

The first aspect is that China will resume its sovereignty over Hong Kong while establishing the Hong Kong SAR, which will be directly under the central government. This step serves to resolve the question of Hong Kong's legal status.

The second aspect is that China's central government will authorize the Hong Kong SAR to exercise a high degree of autonomy and will allow Hong Kong natives to govern themselves. This move is designed to settle the question of administrative authority.

The third aspect is that Hong Kong's existing social and economic structures and lifestyles will not change, while its laws will also remain basically unchanged. This step is meant to resolve the question of Hong Kong's basic system and policies.

The fourth aspect is the maintenance of the status of Hong Kong as an international financial center and free port—a move to maintain the territory's stability and prosperity.

"The reason we plan to pursue a series of special policies concerning Hong Kong is that we want to resume sovereignty over Hong Kong while attaining our overall goal for maintaining its stability and prosperity," Qian said.

He expressed the hope that through Sino-British co-operation, there would be a halt to man-made turmoil in Hong Kong, and factors of instability there would be reduced to a minimum.

"However, if co-operation is blocked by the British side, we shall not remain indifferent if chaos occurs in Hong Kong," he warned.

Qian said that he was confident that the policy of "one country, two systems" would certainly be successful in Hong Kong, that various policies spelled out in the Basic Law of the Hong Kong SAR would be carried out, and that all the objectives spelled out in the basic law would be achieved.

"I am sure that our sacred mission will enjoy the support of all countries and people who love peace and progressive cause, and that Hong Kong after 1997 will become even more prosperous," he said.

'Threat of Early Takeover' Revived

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[By Doreen Cheung, Linda Choy, and Geoffrey Crothall in Beijing]

[Text] Senior Chinese leaders, stung by Governor Chris Patten's decision to go it alone with part of his constitutional reform package, yesterday revived the threat of an early takeover of the territory. Foreign Minister Qian Qichen branded Mr Patten's actions as the sort of "man-made turmoil" Deng Xiaoping warned about a decade ago, when the Chinese patriarch said unrest might lead to an early resumption of sovereignty over Hong Kong.

Although Mr Qian made no direct reference to that threat yesterday, he told members of the Preliminary Working Committee (PWC) in Beijing that China would not allow chaos to break out in Hong Kong, and would proceed on its own in accordance with the Basic Law. In a hard-line speech to the closing session of the PWC, he said: "We must be on the alert against this.

"Obviously we hope to control disorder through co-operation and cut down possible trouble to a minimum. But if co-operation breaks down, we cannot sit back and watch disorder in Hong Kong." The PWC also released a communique endorsing Mr Deng's comments on Hong Kong. It said they possess great foresight and they have important guiding significance for the preparatory committee".

Meanwhile, Premier Li Peng has warned Britain's economic ties with Beijing may suffer as a result of the Governor's unilateral action. "Britain's unfriendly and unco-operative attitude (over the talks) made it impossible to rule out the deterioration of relations in other fields," Mr Li told the PWC, in a speech carried at the top of China's main evening television bulletin. "All the consequences arising (from such action) should be borne by the British Government."

Premier Li was quoted as contrasting China's strong economic growth with the weakness of the British economy by PWC member Rita Fan Hsu Lai-tai. Mrs Fan said this meant trade between Britain and China would unavoidably suffer from the row over transition. But Mr Li stressed Hong Kong's economy would not be affected because of China's determination to maintain its prosperity.

Citing the failure of the constitutional talks due to Britain's tabling of a first-stage bill, Mr Qian said PWC members have agreed to immediately start work on how to set up the post-1997 legislature—and a blueprint is

expected to be ready by next summer. The Foreign Minister alleged the latest moves were part of a decade-long British plot to extend its influence over the territory beyond 1997, dating back to the Joint Declaration negotiations of the early '80s. "The British pulled a fast one right from the start," he said.

Throughout the transitional period, there were signs of Britain trying to prolong its "ruling power" over Hong Kong, Mr Qian alleged, in a speech that quoted extensively from the recently-published Selected Works of Deng Xiaoping "Which of these plans—the Omelco consensus, the British right of abode (scheme) and 'the three violations' political package—were not intended to extend British influence in Hong Kong in the long run?" Mr Qian asked. "Some people are not willing to step down from the historical scene. They want to create some chaos."

In Hong Kong, legislators rejected Mr Qian's warning of the possibility of turmoil. Independent legislator Emily Lau Wai-hing said: "It is not at all surprising to see the yes-men and yes-women on the PWC wanting to echo the threat.

"We all know China has many cards to play. But I don't think this is the proper way to go about trying to engender confidence ... they want to blackmail and threaten Hong Kong people, which I think will be totally counter-productive." Liberal Party legislator Ronald Arculli said: "Hong Kong is not in turmoil now, and I can't conceive of any situation where Hong Kong would be in turmoil."

In Beijing, Mr Qian said the PWC should echo Mr Deng's pledge that "people should believe Hong Kong Chinese can run Hong Kong," and speed up its work to show it was serving the territory. Hong Kong and Macao Affairs Office Director Lu Ping said the PWC subgroups would report back to the next plenary session in July, with the political sub-group expected to have mapped out its plans for the formation of the three tiers of government after 1997.

The meeting also mapped out a wide-ranging agenda for the other four subgroups, including studying the Airport Authority Bill and possible introduction of a central provident fund. Following the Chinese Government's call to speed up the pace of work, the subgroups have scheduled meetings in January, with the political sub-group expected to hold two meetings that month. Mr Lu said top priority would be given to relatively uncontroversial issues of immediate concern to Hong Kong people.

Mainland co-convenor of the political sub-group, Xiao Weiyun, said the through train arrangements for the district boards and other district organisations were not specified in the Basic Law, and would require further study. Hong Kong co-convenor, Leung Chun-ying, said the terms of the district boards and municipal councils would end on June 30, 1997, unless China and Britain came to an agreement. Details of the arrangements have

yet to be finalised by the group, but Mr Leung said the group was not obliged to adopt China's proposals which had been put to the British side during the negotiations.

Before the suspension of the Sino-British talks, the Chinese Government had agreed on the lowering of the voting age from 21 to 18, and the single-vote single-seat system for the 1994 polls. It had also given its tentative consent to the abolition of the appointment system, subject to its restoration after 1997 by the Special Administrative Region government. "Under the situation of no agreement, the Chinese Government as well as the PWC would not have to abide by any concessions, proposals and counterproposals which had been put

forward by the Chinese side as attempts to strike an agreement in the negotiations," he said.

Mrs Fan, Hong Kong co-convenor of the law and order sub-group, said the definition of the place of permanent residence, needed for expatriates to gain right of abode in the territory, would be addressed at their next meeting. The legal sub-group will examine the present legislation in Hong Kong for any contradiction with the Basic Law, while the culture and education sub-group will embark on the promotion of the mini-constitution as well as conduct a study on the publication of school books. (endall) 12 dec schwalje/po NS121212.03E 12/0211z Dec 1106 WC

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